

## **WACHUSETT REGIONAL SCHOOL DISTRICT**

Annual Financial Statements

For the Year Ended June 30, 2019

**WACHUSETT REGIONAL SCHOOL DISTRICT**

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**Additional Offices:**

Nashua, NH  
Manchester, NH  
Andover, MA  
Ellsworth, ME

**INDEPENDENT AUDITORS' REPORT**

To the School Committee  
Wachusett Regional School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Wachusett Regional School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Wachusett Regional School District's basic financial statements as listed in the Table of Contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Wachusett Regional School District, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

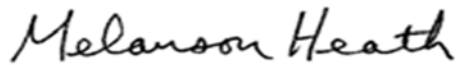
### **Other Matters**

#### *Required Supplementary Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Melanson Heath".

June 30, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Wachusett Regional School District (the District), we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are categorized in two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

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

**Notes to the 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.

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

## **B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of liabilities and deferred inflows exceeded assets and deferred outflows by \$(125,787,151) (i.e., net position), a change of \$(16,038,772) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$1,844,697, a change of \$(1,260,401) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,301,051, a change of \$(115,564) in comparison to the prior year.

## **C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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



NET POSITION

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Current assets	\$ 8,498,034	\$ 8,756,259
Noncurrent assets	<u>66,582,959</u>	<u>68,569,925</u>
Total Assets	75,080,993	77,326,184
Deferred outflows of resources	30,390,840	3,830,693
Current liabilities	8,733,429	7,709,156
Noncurrent liabilities	<u>214,530,832</u>	<u>176,088,333</u>
Total Liabilities	223,264,261	183,797,489
Deferred inflows of resources	7,994,723	7,107,767
Net investment in capital assets	53,333,526	53,425,492
Restricted	485,764	1,643,997
Unrestricted	<u>(179,606,441)</u>	<u>(164,817,868)</u>
Total Net Position	\$ <u>(125,787,151)</u>	\$ <u>(109,748,379)</u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the close of the most recent fiscal year, total net position was \$(125,787,151), a change of \$(16,038,772) from the prior year.

The largest portion of net position, \$53,333,526, reflects our investment in capital assets (e.g., land and buildings), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$485,764, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(179,606,441), primarily resulting from unfunded net pension and net OPEB liabilities.

CHANGE IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,285,093	\$ 3,741,858
Operating grants and contributions	20,970,916	21,856,286
General revenues:		
Assessments to members	62,670,743	59,608,255
Grants and contributions not restricted to specific programs	30,616,170	30,556,292
Investment income	102,387	29,515
Miscellaneous	<u>286,056</u>	<u>267,143</u>
Total Revenues	117,931,365	116,059,349
<b>Expenses</b>		
Administration	2,237,557	2,143,384
Instruction	73,438,700	71,595,852 *
Other school services	11,650,478	11,289,730
Operation and maintenance	6,661,447	6,382,641
Fixed charges	30,424,604	25,323,107 *
Programs with other districts	6,723,957	6,158,276
Interest	560,953	654,436
Depreciation	<u>2,272,441</u>	<u>2,268,893</u>
Total Expenses	<u>133,970,137</u>	<u>125,816,319</u>
Change in Net Position	(16,038,772)	(9,756,970)
Net Position - Beginning of Year	<u>(109,748,379)</u>	<u>(99,991,409)</u>
Net Position - End of Year	\$ <u><u>(125,787,151)</u></u>	\$ <u><u>(109,748,379)</u></u>

\*Fiscal year 2018 amounts above reflect certain reclassifications from the 2018 audited financial statements to be consistent with the current year presentation.

Governmental activities for the year resulted in a change in net position of \$(16,038,772). Key elements of this change are as follows:

Governmental funds operating results	\$ (1,260,401)
Debt principal payments in excess of depreciation expense	(377,441)
Capital asset purchases	285,475
Change in accrued interest liability	17,903
Change in compensated absence liability	35,800
Change in net pension liability and related deferrals	(2,059,516)
Change in net OPEB liability and related deferrals	<u>(12,680,592)</u>
Total	\$ <u><u>(16,038,772)</u></u>

**D. FINANCIAL ANALYSIS OF FUNDS**

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$1,844,697, a change of \$(1,260,401) in comparison to the prior year. Key elements of this change are as follows:

General Fund operating results	\$ (404,283)
Nonmajor Governmental Funds operating results	<u>(856,118)</u>
Total	<u>\$ (1,260,401)</u>

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,301,051, while total fund balance was \$1,358,366. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned Fund Balance	\$ 1,301,051	\$ 1,416,615	\$ (115,564)	1.3%
Total Fund Balance	\$ 1,358,366	\$ 1,762,649	\$ (404,283)	1.3%

The total fund balance of the General Fund changed by \$(404,283) during the current fiscal year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (400,000)
Revenues less than of budget	(420,122)
Expenditures less than budget	554,558
Current year encumbrances	57,315
Prior year encumbrances	<u>(196,034)</u>
Total	<u>\$ (404,283)</u>

## **E. GENERAL FUND BUDGETARY HIGHLIGHTS**

There was no overall change in the General Fund budget; however, there were line items transfers approved by the School Committee.

## **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets at year-end amounted to \$66,582,959 (net of accumulated depreciation). This investment in capital assets includes land and buildings.

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

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$13,250,000, all of which was backed by the full faith and credit of the District.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

## **REQUESTS FOR INFORMATION**

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

Wachusett Regional School District  
1745 Main Street  
Jefferson, Massachusetts 01522

**WACHUSETT REGIONAL SCHOOL DISTRICT**

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental <u>Activities</u>
<b>Assets</b>	
Current:	
Cash and short-term investments	\$ 3,850,616
Receivables	<u>4,647,418</u>
Total Current Assets	8,498,034
Noncurrent:	
Land and construction in progress	945,000
Capital assets, net of accumulated depreciation	<u>65,637,959</u>
Total Noncurrent Assets	<u>66,582,959</u>
Total Assets	75,080,993
<b>Deferred Outflows of Resources</b>	
Related to pensions	3,839,231
Related to OPEB	<u>26,551,609</u>
Total Deferred Outflows of Resources	<u>30,390,840</u>
Total Assets and Deferred Outflows of Resources	105,471,833
<b>Liabilities</b>	
Current:	
Warrants payable	778,670
Accrued payroll and related liabilities	5,874,667
Accrued interest on bonds payable	145,092
Current portion of bonds payable	<u>1,935,000</u>
Total Current Liabilities	8,733,429
Noncurrent:	
Bonds payable, net of current portion	11,315,000
Compensated absences	258,600
Net pension liability	29,739,068
Net OPEB liability	<u>173,218,164</u>
Total Noncurrent Liabilities	<u>214,530,832</u>
Total Liabilities	223,264,261
<b>Deferred Inflows of Resources</b>	
Related to pensions	220,458
Related to OPEB	<u>7,774,265</u>
Total Deferred Inflows of Resources	<u>7,994,723</u>
Total Liabilities and Deferred Inflows of Resources	231,258,984
<b>Net Position</b>	
Net investment in capital assets	53,333,526
Restricted	485,764
Unrestricted	<u>(179,606,441)</u>
Total Net Position	\$ <u><u>(125,787,151)</u></u>

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

**WACHUSETT REGIONAL SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Administration	\$ 2,237,557	\$ -	\$ -	\$ (2,237,557)
Instruction	73,438,700	1,515,645	20,401,199	(51,521,856)
Other school services	11,650,478	1,769,448	569,717	(9,311,313)
Operation and maintenance	6,661,447	-	-	(6,661,447)
Fixed charges	30,424,604	-	-	(30,424,604)
Programs with other districts	6,723,957	-	-	(6,723,957)
Interest	560,953	-	-	(560,953)
Depreciation	<u>2,272,441</u>	<u>-</u>	<u>-</u>	<u>(2,272,441)</u>
Total Governmental Activities	<u>\$ 133,970,137</u>	<u>\$ 3,285,093</u>	<u>\$ 20,970,916</u>	(109,714,128)
		<b>General Revenues</b>		
				62,670,743
				30,616,170
				102,387
				<u>286,056</u>
				<u>93,675,356</u>
				(16,038,772)
		<b>Net Position</b>		
				<u>(109,748,379)</u>
				<u>\$ (125,787,151)</u>

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

**WACHUSETT REGIONAL SCHOOL DISTRICT**

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>			
Cash and short-term investments	\$ 3,600,049	\$ 250,567	\$ 3,850,616
Receivables	3,362,610	1,284,808	4,647,418
Due from other funds	<u>589,149</u>	<u>-</u>	<u>589,149</u>
Total Assets	<u>\$ 7,551,808</u>	<u>\$ 1,535,375</u>	<u>\$ 9,087,183</u>
<b>Liabilities</b>			
Warrants payable	\$ 318,775	\$ 459,895	\$ 778,670
Accrued payroll and related liabilities	5,874,667	-	5,874,667
Due to other funds	<u>-</u>	<u>589,149</u>	<u>589,149</u>
Total Liabilities	6,193,442	1,049,044	7,242,486
<b>Fund Balances</b>			
Restricted	-	486,331	486,331
Assigned	57,315	-	57,315
Unassigned	<u>1,301,051</u>	<u>-</u>	<u>1,301,051</u>
Total Fund Balances	<u>1,358,366</u>	<u>486,331</u>	<u>1,844,697</u>
Total Liabilities and Fund Balances	<u>\$ 7,551,808</u>	<u>\$ 1,535,375</u>	<u>\$ 9,087,183</u>

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

**WACHUSETT REGIONAL SCHOOL DISTRICT**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2019

<b>Governmental Fund Balances</b>	\$ 1,844,697
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	66,582,959
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(145,092)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds payable	(13,250,000)
Net pension liability and related deferred outflows/inflows of resources are not due and payable in the current period nor require the use of current financial resources and, therefore, are not reported in governmental funds.	(26,120,295)
Net OPEB liability and related deferred outflows/inflows of resources are not due and payable in the current period nor require the use of current financial resources and, therefore, are not reported in governmental funds.	(154,440,820)
Other	<u>(258,600)</u>
<b>Net Position of Governmental Activities</b>	<b>\$ <u><u>(125,787,151)</u></u></b>

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



**WACHUSETT REGIONAL SCHOOL DISTRICT**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Assessments to members	\$ 62,670,743	\$ -	\$ 62,670,743
Intergovernmental	38,927,445	5,781,871	44,709,316
Charges for services	-	3,285,093	3,285,093
Investment income	100,697	1,690	102,387
Miscellaneous	<u>251,719</u>	<u>34,337</u>	<u>286,056</u>
Total Revenues	101,950,604	9,102,991	111,053,595
<b>Expenditures</b>			
Current:			
Administration	2,237,557	-	2,237,557
Instruction	62,975,549	3,871,181	66,846,730
Other school services	8,398,317	3,252,161	11,650,478
Operation and maintenance	6,578,553	118,369	6,696,922
Fixed charges	15,635,246	49,250	15,684,496
Programs with other districts	3,805,809	2,918,148	6,723,957
Debt service:			
Principal	1,895,000	-	1,895,000
Interest	<u>578,856</u>	<u>-</u>	<u>578,856</u>
Total Expenditures	<u>102,104,887</u>	<u>10,209,109</u>	<u>112,313,996</u>
Excess (deficiency) of revenues over expenditures	(154,283)	(1,106,118)	(1,260,401)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	250,000	250,000
Transfers out	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>250,000</u>	<u>-</u>
Change in fund balance	(404,283)	(856,118)	(1,260,401)
Fund Equity, at Beginning of Year	<u>1,762,649</u>	<u>1,342,449</u>	<u>3,105,098</u>
Fund Equity, at End of Year	\$ <u><u>1,358,366</u></u>	\$ <u><u>486,331</u></u>	\$ <u><u>1,844,697</u></u>

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

**WACHUSETT REGIONAL SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (1,260,401)</b>
<p>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:</p>	
Capital asset purchases	285,475
Depreciation	(2,272,441)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Repayments of bonds	1,895,000
<p>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:</p>	
Change in net pension liability and related deferred outflows/inflows of resources	(2,059,516)
Change in net OPEB obligation and related deferred outflows/inflows of resources	(12,680,592)
Other	<u>53,703</u>
<b>Change in Net Position - Governmental Activities</b>	<b>\$ <u>(16,038,772)</u></b>

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

**WACHUSETT REGIONAL SCHOOL DISTRICT**

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	Positive (Negative)
<b>Revenues and Other Sources</b>				
Assessments to members	\$ 62,670,743	\$ 62,670,743	\$ 62,670,743	\$ -
Intergovernmental	30,936,708	30,936,708	30,616,170	(320,538)
Investment income	12,750	12,750	100,697	87,947
Miscellaneous	439,250	439,250	251,719	(187,531)
Use of fund balance	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
 Total Revenues and Other Sources	 94,459,451	 94,459,451	 94,039,329	 (420,122)
<b>Expenditures</b>				
Administration	2,191,698	2,235,306	2,234,852	454
Instruction	55,445,462	54,915,103	54,655,381	259,722
Other school services	8,580,947	8,445,847	8,397,997	47,850
Operation and maintenance	6,458,304	6,499,308	6,446,120	53,188
Fixed charges	14,940,844	15,501,691	15,588,572	(86,881)
Programs with other districts	4,118,340	4,138,340	3,858,115	280,225
Debt service	<u>2,473,856</u>	<u>2,473,856</u>	<u>2,473,856</u>	<u>-</u>
 Total Expenditures	 <u>94,209,451</u>	 <u>94,209,451</u>	 <u>93,654,893</u>	 <u>554,558</u>
 Excess (deficiency) of Revenues Over Expenditures	 250,000	 250,000	 384,436	 134,436
<b>Other Financing Uses</b>				
Transfer out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 \$ <u>-</u>	 \$ <u>-</u>	 \$ <u>134,436</u>	 \$ <u>134,436</u>

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

**WACHUSETT REGIONAL SCHOOL DISTRICT**

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds - Scholarships</u>	<u>Agency Funds</u>
<b>Assets</b>			
Cash and short term investments	\$ <u>10,377</u>	\$ <u>201,910</u>	\$ <u>481,800</u>
Total Assets	10,377	201,910	481,800
<b>Liabilities</b>			
Warrants payable	-	-	28,864
Due to student organizations	<u>-</u>	<u>-</u>	<u>452,936</u>
Total Liabilities	<u>-</u>	<u>-</u>	\$ <u><u>481,800</u></u>
<b>Net Position</b>			
Restricted for OPEB purposes	10,377	-	
Restricted for other purposes	<u>-</u>	<u>201,910</u>	
Total Net Position	\$ <u><u>10,377</u></u>	\$ <u><u>201,910</u></u>	

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

**WACHUSETT REGIONAL SCHOOL DISTRICT**

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds - Scholarships</u>
<b>Additions</b>		
Contributions	\$ 3,172,824	\$ 8,000
Investment income	<u>403</u>	<u>1,958</u>
Total Additions	3,173,227	9,958
<b>Deductions</b>		
Employee benefits	3,172,864	-
Awards and scholarships	<u>-</u>	<u>3,250</u>
Total Deductions	<u>3,172,864</u>	<u>3,250</u>
Net Increase	363	6,708
<b>Net Position</b>		
Beginning of Year	<u>10,014</u>	<u>195,202</u>
End of Year	\$ <u><u>10,377</u></u>	\$ <u><u>201,910</u></u>

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

# WACHUSETT REGIONAL SCHOOL DISTRICT

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

The Wachusett Regional School District is a municipal corporation governed by an elected Regional School Committee. As required by Generally Accepted Accounting Principles, these financial statements present the District and applicable component units for which the District is considered to be financially accountable. In fiscal year 2019, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

#### B. Government-wide and Fund Financial Statements

##### Government-wide Financial Statements

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

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

##### Fund Financial Statements

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

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

#### Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the 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 revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Typically, revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, and pension and OPEB are recorded as expenditures only when they are due.

The District reports the following major governmental fund:

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

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

The District reports the following fiduciary funds:

- *Other Post-Employment Benefits Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- *Private-Purpose Trust Funds* are used to account for trust arrangements, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.
- *Agency Funds* are used to account for fiduciary assets held by the District in a custodial capacity as an agent on behalf of others (e.g., student activity funds). Agency funds report only assets and liabilities and, therefore, have no measurement focus.

*D. Cash and Short-Term Investments*

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

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

*E. Interfund Receivables and Payables*

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

*F. Capital Assets*

Capital assets, which include land and buildings are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$25,000 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Machinery and Equipment	5 - 10



### *G. Compensated Absences*

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

### *H. Long-Term Liabilities*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

### *I. Fund Equity*

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

Fund Balance - Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The District reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure.

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

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

### *J. Use of Estimates*

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

## **2. Stewardship, Compliance and Accountability**

### *A. Budgetary Information*

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

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws.

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

### *B. Budgetary Basis*

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all transfers and supplemental appropriations.

### *C. Budget/GAAP Reconciliation*

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

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

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP basis	\$ 101,950,604	\$ 102,104,887	\$ (250,000)
Record use of fund balance as a funding source	400,000	-	-
Add end-of-year appropriation carryforwards	-	57,315	-
Reverse prior year appropriation carryforwards	-	(196,034)	-
Reverse State contributions to MTRS	<u>(8,311,275)</u>	<u>(8,311,275)</u>	<u>-</u>
Budgetary Basis	\$ <u>94,039,329</u>	\$ <u>93,654,893</u>	\$ <u>(250,000)</u>

#### D. Assessments to Members

Most capital and operating costs of the District in excess of each member's net minimum contribution are apportioned to the members on the basis of their respective pupil enrollments in the District on October 1 of the preceding year. Certain costs, such as transportation and debt service, are outside of the net school spending requirements established by the Commonwealth of Massachusetts. These costs are apportioned to the members based on either a percentage or on a member-specific basis. For the year ended June 30, 2019, the assessments were as follows:

Holden	\$ 28,087,047
Paxton	6,313,461
Princeton	4,863,870
Rutland	12,062,627
Sterling	<u>11,343,738</u>
Total	\$ <u>62,670,743</u>

### 3. Cash and Short-Term Investments

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. Massachusetts General Law Chapter 44, section 55, limits the District's deposits "in a bank or trust company or banking company to an amount not exceeding 60% of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The District does not have a deposit policy for custodial credit risk.

At June 30, 2019, the District's bank balance was categorized as follows:

FDIC/DIF/NCUA	\$ 980,827
State pool	2,671,117
Uninsured or uncollateralized	<u>1,751,852</u>
Total	\$ <u>5,403,796</u>

#### 4. Receivables

The receivable balance in the general fund represents late state aid, which was received in early July 2019. The receivable balance in other funds is comprised primarily of reimbursements requested from Federal and State agencies for expenditures incurred in fiscal year 2019.

#### 5. Interfund Receivable/Payables Fund Accounts

Although self-balancing funds are maintained, most transactions flow through the general funds. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. As of June 30, 2020, \$589,149 was due from the Special Revenue Fund to the General Fund as a result of outstanding grant reimbursements due to the District.

#### 6. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Buildings	\$ 90,755,709	\$ -	\$ -	\$ 90,755,709
Machinery and equipment	<u>38,142</u>	<u>35,475</u>	<u>-</u>	<u>73,617</u>
Total Capital Assets, Being Depreciated	90,793,851	35,475	-	90,829,326
Less accumulated depreciation for:				
Buildings	(22,880,784)	(2,268,893)	-	(25,149,677)
Machinery and equipment	<u>(38,142)</u>	<u>(3,548)</u>	<u>-</u>	<u>(41,690)</u>
Total Accumulated Depreciation	<u>(22,918,926)</u>	<u>(2,272,441)</u>	<u>-</u>	<u>(25,191,367)</u>
Total Capital Assets, Being Depreciated, net	67,874,925	(2,236,966)	-	65,637,959
Capital assets, not being depreciated:				
Land	695,000	-	-	695,000
Construction in progress	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total Capital Assets, Not Being Depreciated	<u>695,000</u>	<u>250,000</u>	<u>-</u>	<u>945,000</u>
Governmental Activities Capital Assets, Net	\$ <u>68,569,925</u>	\$ <u>(1,986,966)</u>	\$ <u>-</u>	\$ <u>66,582,959</u>

**7. Deferred Outflows of Resources**

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

**8. Long-Term Debt**

*A. General Obligation Bonds*

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 06/30/19</u>
2014 State qualified refunding bonds	12/01/23	1.50 - 4.00%	\$ 6,130,000
2015 State qualified refunding bonds	07/15/24	2.00 - 4.00%	1,360,000
2010 Multipurpose bonds	10/15/26	2.50 - 4.25%	940,000
2009 Multipurpose bonds	08/15/28	3.12 - 4.50%	3,050,000
2011 Multipurpose bonds	01/15/30	3.00 - 5.25%	<u>1,770,000</u>
Total			<u>\$ 13,250,000</u>

*B. Future Debt Service*

The annual principal payments to retire all general obligation bonds outstanding as of June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,935,000	\$ 392,106	\$ 2,327,106
2021	1,990,000	425,731	2,415,731
2022	2,040,000	346,106	2,386,106
2023	2,095,000	264,088	2,359,088
2024	2,160,000	180,009	2,340,009
2025-2030	<u>3,030,000</u>	<u>365,483</u>	<u>3,395,483</u>
Total	<u>\$ 13,250,000</u>	<u>\$ 1,973,523</u>	<u>\$ 15,223,523</u>

The General Fund has been designated as the source to repay the bonds payable.

### C. Changes in General Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion 06/30/19
<u>Governmental Activities</u>						
Bonds payable	\$ 15,145	\$ -	\$ (1,895)	\$ 13,250	\$ (1,935)	\$ 11,315
Compensated absences	294	-	(35)	259	-	259
Net pension liability	27,048	2,691	-	29,739	-	29,739
Net OPEB liability	<u>135,496</u>	<u>37,722</u>	<u>-</u>	<u>173,218</u>	<u>-</u>	<u>173,218</u>
Total	<u>\$ 177,983</u>	<u>\$ 40,413</u>	<u>\$ (1,930)</u>	<u>\$ 216,466</u>	<u>\$ (1,935)</u>	<u>\$ 214,531</u>

### 9. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the District that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

### 10. Fund Balances

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

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

The following types of fund balances are reported at June 30, 2019:

Nonspendable – Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District does not have any funds that meet this criteria.

Restricted – Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes the District’s grant and revolving funds and the remaining funds from bonded projects.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority. The District does not have any funds that meet this criteria.

Assigned - Represent amounts that are constrained by the District’s intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned – Represent amounts that are available to be spent in future periods.

The following is a breakdown of the District’s fund balances at June 30, 2019:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Grants and revolving funds	\$ -	\$ 485,764	\$ 485,764
Bonded projects	<u>-</u>	<u>567</u>	<u>567</u>
Total Restricted	-	486,331	486,331
Assigned:			
Encumbrances	<u>57,315</u>	<u>-</u>	<u>57,315</u>
Total Assigned	57,315	-	57,315
Unassigned:			
General Fund	<u>1,301,051</u>	<u>-</u>	<u>1,301,051</u>
Total Unassigned	<u>1,301,051</u>	<u>-</u>	<u>1,301,051</u>
Total Fund Balances	\$ <u><u>1,358,366</u></u>	\$ <u><u>486,331</u></u>	\$ <u><u>1,844,697</u></u>

## 11. Worcester Contributory Retirement System

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

### A. Plan Description

All eligible employees of the District (except teachers) are members of the Worcester Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System's Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at Worcester Regional Retirement System at 23 Midstate Drive, Suite 106, Midstate Office Park, Auburn, Massachusetts 01501 or from the System's website at [www.worcesterregionalretirement.org](http://www.worcesterregionalretirement.org).

### Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

### Participant Retirement Benefits

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



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

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

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

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left District employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

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

## Methods of Payment

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

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

## Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive zero, 50, or 100% of the regular interest which has accrued upon those deductions. However, effective July 1, 2010, members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3% and do not forfeit any interest previously earned on contributions.

## Employer Contributions

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

The District's contribution to the System for the year ended June 30, 2019 was \$1,825,956, which was equal to its annual required contribution.

### *B. Summary of Significant Accounting Policies*

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

### *C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2019, the District reported a liability of \$29,739,068 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018, rolled forward to the measurement date of December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the District's proportion was 3.2797%.

For the year ended June 30, 2019, the District recognized pension expense of \$3,885,472. In addition, the District reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 131,818	\$ (220,458)
Changes in assumptions	1,847,868	-
Net difference between pension projected and actual pension investment earnings	1,118,873	-
Changes in proportion and differences between pension contributions and proportionate share of contributions	<u>740,672</u>	<u>-</u>
Total	<u>\$ 3,839,231</u>	<u>\$ (220,458)</u>

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

Year ended June 30:	
2020	\$ 1,163,594
2021	882,006
2022	878,581
2023	773,518
2024	<u>(78,926)</u>
Total	\$ <u>3,618,773</u>

#### *D. Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

COLA: 3% of the first \$14,000

Salary increases: 4.25% - 7% per year, depending on Group

Investment rate of return: 7.75%

Mortality rates were based on the RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. For disabled lives, the mortality rates were based on the RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding an expected inflation rate. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	39.00%	4.75%
Fixed income	23.00%	2.28%
Private equity	13.00%	8.15%
Real estate	10.00%	3.43%
Timber/natural resources	4.00%	4.00%
Portfolio completion strategies	<u>11.00%</u>	3.76%
Total	<u>100.00%</u>	

*E. Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. 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 employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*F. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

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

1% Decrease	Current Discount Rate	1% Increase
<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
\$ 35,822,562	\$ 29,739,068	\$ 24,599,760

*G. Pension Plan Fiduciary Net Position*

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

## 12. Massachusetts Teachers' Retirement System (MTRS)

### A. Plan Description

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

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

### B. Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

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

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

### C. Contributions

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

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

### D. Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018. This valuation used the following assumptions:

- (a) 7.35% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period from January 1, 2006 to December 31, 2011.
- Mortality rates were as follows:
  - Pre-retirement - reflects RP-2014 White Collar Employees table projected generationally with Scale MP 2016 (gender distinct).
  - Post-retirement - reflects RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP 2016 (gender distinct).
  - Disability – assumed to be in accordance with the RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct).

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of

geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.0%	5.0%
Portfolio completion strategies	13.0%	3.7%
Core fixed income	12.0%	0.9%
Private equity	12.0%	6.6%
Real estate	10.0%	3.8%
Value added fixed income	10.0%	3.8%
Timber/natural resources	<u>4.0%</u>	3.4%
Total	<u>100.0%</u>	

*E. Discount Rate*

The discount rate used to measure the total pension liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

*F. Sensitivity Analysis*

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
\$ 29,482,300	\$ 23,711,289	\$ 18,771,300

*G. Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, Accounting and Financial Reporting for (GASB 68) and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employees do



not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

#### H. District Proportions

In fiscal year 2018 (the most recent measurement period), the Commonwealth's proportionate share of the MTRS' collective net pension liability was approximately \$150 million, based on a proportionate share of 0.632140%. As required by GASB 68, the District has recognized its portion of the Commonwealth's contribution of approximately \$8.3 million as both a revenue and expenditure in the General Fund, and its portion of the collective pension expense of approximately \$15.2 million as both a revenue and expense in the governmental activities.

### 13. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2017, the District established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

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

All the following OPEB disclosures are based on a measurement date of June 30, 2019.

#### A. General Information

##### Plan Description

The District provides post-employment healthcare benefits for retired employees through the District's plan. The District provides health and life insurance coverage. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

## Benefits Provided

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

## Plan Membership

As of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	475
Active employees	<u>992</u>
Total	<u>1,467</u>

### *B. Investments*

The OPEB trust fund assets are not invested as of June 30, 2019.

*Rate of Return.* For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 3.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *C. Actuarial Assumptions*

The net OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6%	
Investment rate of return	6.75%	compounded annually, net of fees
Municipal bond rate/discount rate	3.5%	
Healthcare cost trend rates	8.0%	for 2018 to an ultimate rate of 3.90% as of 2024
Retiree's share of benefit-related costs	40%	medical
	50%	life
Participation rate	80%	medical
	85%	life

Post-retirement mortality rates for general employees were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally using scale MP- 2018.

Pre-retirement mortality rates for general employees are based on the RP-2014 Blue Collar Employees Table projected generationally using scale MP-2018.

Post-retirement mortality rates for teachers are based on the RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016.

Pre-retirement mortality rates for teachers are based on the RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016.

The discount rate used to measure the net OPEB liability was 3.50%, based on the Bond Buyer 20-Bond GO Index published on June 27, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

*D. Target Allocations*

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic/geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	30.00%	5.92%
Domestic bond	25.00%	3.69%
International equity	15.00%	2.73%
Alternatives	20.00%	3.50%
International bond	10.00%	3.80%
Cash and equivalents	<u>0.00%</u>	0.00%
Total	<u><u>100.00%</u></u>	

E. *Discount Rate*

The discount rate used to measure the net OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

F. *Net OPEB Liability*

The components of the net OPEB liability, measured as of June 30, 2019, were as follows:

Total OPEB liability	\$ 173,228,541
Plan fiduciary net position	<u>10,377</u>
Net OPEB liability	\$ <u><u>173,218,164</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

G. *Changes in the Net OPEB Liability*

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 135,506,124	\$ 10,019	\$ 135,496,105
Changes for the year:			
Service cost	7,253,067	-	7,253,067
Interest	5,463,387	-	5,463,387
Contributions - employer		3,172,824	(3,172,824)
Net investment income	-	358	(358)
Differences between expected and actual experience	(3,038,565)	-	(3,038,565)
Changes in assumptions or other inputs	31,217,352	-	31,217,352
Benefit payments	<u>(3,172,824)</u>	<u>(3,172,824)</u>	<u>-</u>
Net Changes	<u>37,722,417</u>	<u>358</u>	<u>37,722,059</u>
Balances at June 30, 2019	\$ <u><u>173,228,541</u></u>	\$ <u><u>10,377</u></u>	\$ <u><u>173,218,164</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019.

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

The following presents the net OPEB liability, as well as what the net 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:

	Current Discount Rate	
1% Decrease		1% Increase
<u>(2.50%)</u>	<u>(3.50%)</u>	<u>(4.50%)</u>
\$209,510,820	\$173,218,164	\$145,186,103

I. *Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it as calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	Current Healthcare Cost Trend Rates	
1% Decrease		1% Increase
<u>(7.0%)</u>	<u>(8.0%)</u>	<u>(9.0%)</u>
\$139,842,142	\$173,218,164	\$221,305,867

J. *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2019, the District recognized OPEB expense of \$15,853,416. At June 30, 2019, the District reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ 528	\$ (2,584,370)
Change in assumptions	26,551,081	(5,189,895)
Total	<u>\$ 26,551,609</u>	<u>\$ (7,774,265)</u>

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

<u>Year ended June 30:</u>	
2020	\$ 3,137,713
2021	3,137,713
2022	3,137,713
2023	3,137,641
2024	3,320,233
Thereafter	<u>2,906,331</u>
Total	\$ <u>18,777,344</u>

#### **14. Commitments and Contingencies**

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

#### **15. Subsequent Events**

##### COVID-19

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

##### Capital lease

In July 2019 the District entered into a lease to finance a portion of a turf field at the High School. The amount financed is \$189,155 and total lease payments over the three year repayment period is \$207,802.

**WACHUSETT REGIONAL SCHOOL DISTRICT**  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (GASB 68)  
JUNE 30, 2019  
(Unaudited)

**Worcester Regional Retirement System**

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2019	December 31, 2018	3.28%	\$ 29,739,068	\$ 9,287,357	320.2%	43.1%
June 30, 2018	December 31, 2017	3.32%	\$ 27,047,828	\$ 11,159,876	242.4%	46.4%
June 30, 2017	December 31, 2016	2.94%	\$ 24,584,493	\$ 12,325,281	199.5%	42.0%
June 30, 2016	December 31, 2015	3.02%	\$ 21,453,126	\$ 10,975,602	195.5%	44.5%
June 30, 2015	December 31, 2014	3.29%	\$ 19,556,058	\$ 10,553,463	185.3%	47.9%

**Massachusetts Teachers' Retirement System**

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the District	Total Net Pension Liability Associated with the District	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2019	June 30, 2018	0.632140%	\$ -	\$ 149,888,653	\$ 149,888,653	\$ 44,394,345	0%	54.84%
June 30, 2018	June 30, 2017	0.664017%	\$ -	\$ 151,962,838	\$ 151,962,838	\$ 44,800,000	0%	54.25%
June 30, 2017	June 30, 2016	0.645695%	\$ -	\$ 144,361,094	\$ 144,361,094	\$ 44,800,000	0%	52.73%
June 30, 2016	June 30, 2015	0.643135%	\$ -	\$ 131,776,121	\$ 131,776,121	\$ 41,000,000	0%	55.38%
June 30, 2015	June 30, 2014	0.652099%	\$ -	\$ 103,660,015	\$ 103,660,015	\$ 40,000,000	0%	61.64%

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

See Independent Auditors' Report.

**WACHUSETT REGIONAL SCHOOL DISTRICT**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)  
 JUNE 30, 2019  
 (Unaudited)

<b>Worcester Regional Retirement System</b>						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	December 31, 2018	\$ 1,825,956	\$ 1,825,956	\$ -	\$ 9,287,357	20%
June 30, 2018	December 31, 2017	\$ 1,678,385	\$ 1,678,385	\$ -	\$ 11,159,876	15%
June 30, 2017	December 31, 2016	\$ 1,425,736	\$ 1,425,736	\$ -	\$ 12,325,281	12%
June 30, 2016	December 31, 2015	\$ 1,359,653	\$ 1,359,653	\$ -	\$ 10,975,602	12%
June 30, 2015	December 31, 2014	\$ 1,298,737	\$ 1,298,737	\$ -	\$ 10,553,463	12%

<b>Massachusetts Teachers' Retirement System</b>						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	June 30, 2018	\$ 8,311,275	\$ 8,311,275	\$ -	\$ 44,394,345	19%
June 30, 2018	June 30, 2017	\$ 8,204,027	\$ 8,204,027	\$ -	\$ 44,800,000	18%
June 30, 2017	June 30, 2016	\$ 7,261,380	\$ 7,261,380	\$ -	\$ 44,800,000	16%
June 30, 2016	June 30, 2015	\$ 6,572,392	\$ 6,572,392	\$ -	\$ 41,000,000	16%
June 30, 2015	June 30, 2014	\$ 6,112,644	\$ 6,112,644	\$ -	\$ 40,000,000	15%

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

See Independent Auditors' Report.



**WACHUSETT REGIONAL SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (GASB 74 and GASB 75)

(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 7,253,067	\$ 7,593,739	\$ 9,091,033
Interest on unfunded liability - time value of money	5,463,387	4,989,178	4,278,911
Difference between expected and actual experience	(3,038,565)	-	-
Change in assumptions and other inputs	31,217,352	(7,338,921)	(19,679,264)
Benefit payments, including refunds of member contributions	<u>(3,172,824)</u>	<u>(3,013,387)</u>	<u>(2,922,743)</u>
Net Change in Total OPEB Liability	37,722,417	2,230,609	(9,232,063)
Total OPEB Liability - Beginning	<u>135,506,124</u>	<u>133,275,515</u>	<u>142,507,578</u>
Total OPEB Liability - Ending (a)	\$ <u>173,228,541</u>	\$ <u>135,506,124</u>	\$ <u>133,275,515</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	3,172,824	3,023,387	2,922,743
Net investment income	358	19	-
Benefit payments, including refunds of member contributions	<u>(3,172,824)</u>	<u>(3,013,387)</u>	<u>(2,922,743)</u>
Net Change in Plan Fiduciary Net Position	358	10,019	-
Plan Fiduciary Net Position - Beginning	<u>10,019</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	\$ <u>10,377</u>	\$ <u>10,019</u>	\$ <u>-</u>
Net OPEB Liability - Ending (a - b)	\$ <u>173,218,164</u>	\$ <u>135,496,105</u>	\$ <u>133,275,515</u>

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

See Independent Auditors' Report.

**WACHUSETT REGIONAL SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULES OF NET OPEB LIABILITY, CONTRIBUTIONS AND INVESTMENT RETURNS (GASB 74 AND GASB 75)

(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Net OPEB Liability</b>			
Total OPEB liability	\$ 173,228,541	\$ 135,506,124	\$ 133,275,515
Plan fiduciary net position	<u>(10,377)</u>	<u>(10,019)</u>	<u>-</u>
Net OPEB liability	<u>\$ 173,218,164</u>	<u>\$ 135,496,105</u>	<u>\$ 133,275,515</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	0.01%	0.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Contributions</b>			
Actuarially determined contribution	\$ 15,245,531	\$ 15,185,148	\$ 13,378,565
Contributions in relation to the actuarially determined contribution	<u>(3,172,824)</u>	<u>(3,023,387)</u>	<u>(2,922,743)</u>
Contribution deficiency (excess)	<u>12,072,707</u>	<u>12,161,761</u>	<u>10,455,822</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Investment Returns</b>			
Annual money weighted rate of return, net of investment expense	3.57%	Unavailable	Unavailable

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

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

See Independent Auditors' Report.