

WACHUSETT REGIONAL SCHOOL DISTRICT
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2014

WACHUSETT SCHOOL DISTRICT
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	i
Management's Discussion and Analysis	iii
Basic Financial Statements	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	1
Statement of Activities	2
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	4
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to Statement of Activities	5
Statement of Net Position – Fiduciary Funds	6
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	7
Notes to Financial Statements	8
Required Supplementary Information	
Schedule of Funding Progress – District's Other Post-Employment Benefit Plan (OPEB) and Notes	26
Schedule of Funding Progress – Retirement System and Notes	28
Budgetary Comparison Schedule – General Fund	29
Budgetary Basis of Accounting Notes	30
Other Information	
Schedule 1 - Combining Schedule of Assets, Liabilities and Fund Balance - Non-Major Governmental Funds	31
Schedule 2 - Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds	33
Schedule 3 - Combining Schedules for Fiduciary Funds - Private Purpose Trust Funds	35
Schedule 4 - Combining Schedule for Fiduciary Funds - Agency Funds	36



Lynch, Malloy, Marini, LLP

Certified Public Accountants & Advisors

www.lmmcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable School Committee
Wachusett Regional School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wachusett Regional School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those 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 the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wachusett Regional School District, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii - viii, and the budgetary comparison information, schedule of funding progress for the District's retiree benefit plan - other post employment benefits, schedule of funding progress for the District's retiree pension plan on pages 26 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

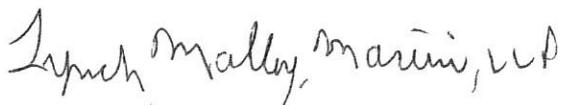
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wachusett Regional School District's basic financial statements. The combining schedules for nonmajor governmental funds and fiduciary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules for nonmajor governmental funds and fiduciary funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules for nonmajor governmental funds and fiduciary funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2015 on our consideration of the Wachusett Regional School 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wachusett Regional School District's internal control over financial reporting and compliance.



Norwell, Massachusetts
January 5, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

WACHUSETT REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2014

As management of the Wachusett Regional School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2014.

Financial Highlights:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3.1 million (net position). The District's net investment in capital assets and restricted net position consisted of approximately \$55.3 million and \$1.1 million respectively. The \$53.3 million deficit balance reported in unrestricted net position classification is due in large part to the reporting of approximately \$55.4 million of net "Other Post-Employment Benefits (OPEB) obligations as of June 30, 2014. The change in the net OPEB obligation increased approximately \$9.0 million over the previous year.
- The total cost of all District services for fiscal year 2014 was \$110.0 million.
- As of the end of the current fiscal year, unassigned fund balance for the general fund was \$1.3 million, or approximately 1.4% of general fund expenditures.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to financial statements. Required supplementary information as provided by the Governmental Accounting Standards Board (GASB), including schedule of funding progress for the District's pension and Other Post-Employment (OPEB) plans, and budgetary comparison schedules are presented following the notes to the financial statements. Additionally, certain combining schedules have been presented as other information that is not a required part of the District's basic financial statements in accordance with GASB standards, but has been presented for additional analysis.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the District's assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources resulting in the aggregate net position of the District. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by member community assessments, fees and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general District administrative services, education services for grades K-12 and maintenance and operation of school facilities. The District does not maintain any business-type activities.

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2014

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

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

The District maintains many individual governmental funds. The General Fund is considered a major fund for presentation purposes. The remaining funds are aggregated and shown as non-major governmental funds.

The basic governmental fund financial statements can be found in the accompanying pages of this report.

Proprietary funds: Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. These funds measure economic resources using the full accrual basis of accounting. The District does not report any funds as proprietary funds.

Fiduciary funds: *Fiduciary funds* are used to report assets held in a trustee or agency capacity for others and therefore not available to support District programs. The reporting focus is on net position and changes in net position.

The District's fiduciary funds are private purpose trust funds and an agency funds. The private purpose trust funds account for resources legally held in trust for the benefit of persons and organizations other than the District. Since these funds cannot be used for providing District services, they are excluded from the District's government-wide financial statements.

The Agency fund is used to hold funds on the behalf of parties other than the District, more specifically of funds related to student activities. Agency funds are custodial in nature and do not involve measurement of results of operations.

The basic fiduciary fund financial statements can be found in the accompanying pages of this report.

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. The notes to the financial statements follow the basic financial statements described above.

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2014

Required supplementary information: Budgetary comparison information, schedule of funding progress for the District's Other Post-Employment Benefit Plan (OPEB) and related notes are presented following the basic financial statements and notes as required by *Governmental Accounting Standards Board (GASB)*.

Other information: Combining schedules for other governmental funds and fiduciary funds have been presented for additional analysis.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Wachusett Regional School District, assets exceeded liabilities by \$3.1 million for the governmental activities at the close of the most recent fiscal year. The following tables demonstrate the net position of the District. Certain amounts for the prior year have been restated to conform with current year presentation.

	FY2014	(restated) FY2013
	Governmental <u>Activities</u>	Governmental <u>Activities</u>
Current assets	\$ 9,783,685	\$ 8,023,234
Capital assets	<u>77,700,310</u>	<u>79,987,474</u>
Total assets	87,483,995	88,010,708
Current liabilities	7,992,974	8,266,955
Long-term liabilities	<u>76,411,312</u>	<u>69,944,440</u>
Total liabilities	84,404,286	78,211,395
Net position:		
Net investment in capital assets	55,349,348	55,152,897
Restricted	1,066,134	931,240
Unrestricted	<u>(53,335,773)</u>	<u>(46,284,824)</u>
Total net position	<u>\$ 3,079,709</u>	<u>\$ 9,799,313</u>

Governmental activities' current assets consisted of \$8.6 million in cash/investments and \$1.2 million of intergovernmental receivables due from the state and federal agencies.

Governmental activity current liabilities consisted of \$620,000 of accounts payable, \$5.4 million of salaries and withholdings payable and \$229,000 of accrued interest. Long term liabilities consist primarily of \$22.4 million in general obligation bonds (of which \$1.7 million is classified as due within one year), \$367,000 million in compensated absences, and \$55.4 million in net other post-employment (OPEB) obligations. The net OPEB obligation increased by approximately \$9.0 million for the current fiscal year.

The District's net investment in capital assets (e.g. land, building, machinery and equipment, etc) was \$55.3 million. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District investment in its capital assets is reported net of related any related debt, deferred outflows or inflows of resources associated with the acquisition of those assets, 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.

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2014

An additional portion of the District's total net position, \$1.0 million, represents resources that are subject to restrictions placed on how they may be used. The remaining portion of the District's net position, which may be used to meet the District's ongoing obligations to citizens and creditors, was in a deficit of approximately \$53.3 million. As noted above, the primary reason for the deficit is due to the significant net OPEB obligation reported at year-end of \$55.5 million.

A summary of revenues and major functional expenditures is presented below. Certain amounts have been restated to correspond to current year presentation. Additionally, in the current year classification, certain specific charges for services and operating grants and contributions have been classified with the salaries and benefits associated with those activities.

	FY2014	(restated)
	Governmental	FY2013
	<u>Activities</u>	<u>Activities</u>
Revenues:		
Charges for services	\$ 2,773,343	\$ 2,876,173
Operating grants and contributions	22,907,104	22,454,666
Capital grants and contributions		
General revenues:		
Assessments to member towns	50,738,699	50,623,683
Grants and contributions unrestricted	25,343,524	24,638,140
Interest income	16,248	25,161
Premiums received on borrowings	1,158,593	
Departmental and other	<u>194,873</u>	<u>72,203</u>
Total revenue	103,132,384	100,690,026
Expenses:		
Salaries	52,314,243	50,558,942
Instructional support	3,672,956	4,409,008
Pupil services	1,195,171	1,898,924
Operations and maintenance	5,941,236	5,456,824
Employee benefits and fixed charges	34,925,009	34,667,313
Other operating costs	1,101,139	1,515,960
Special education tuitions	4,235,454	4,313,063
Transportation	5,219,994	4,895,773
Interest and other costs	<u>1,246,786</u>	<u>1,090,495</u>
Total expenses	<u>109,851,988</u>	<u>108,806,302</u>
Change in net position	<u>\$ (6,719,604)</u>	<u>\$ (8,116,276)</u>

Governmental activities decreased the District's total net position by approximately \$6.7 million during fiscal year 2014. The decrease is due primarily to the increase in the net OPEB obligation of \$9.0 million, which eliminated the surplus recognized by the District on the fund basis. During the year, the District obtained state qualifying refunding bonds in the amount of \$11.2 million, which was utilized to refund certain outstanding bonds. The District received a premium of approximately \$1.1 million, which was used in refunding the outstanding debt.

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2014

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. Fund balance for governmental funds is reported in a classification hierarchy which is based upon the extent to which the District is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. These classifications are non-spendable, restricted, committed, assigned and unassigned fund balance.

In particular, *unassigned fund balance* represents the residual fund balance which has not been restricted, committed, or assigned to a purpose within the fund. The general fund is the only fund which should report a positive unassigned fund balance amount. Any negative unassigned fund balance amount represents expenditures incurred for specific purposes which exceeded the amounts restricted, committed, or assigned for that purpose.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$3.7 million. Of this combined amount \$1.1 million and \$0.4 million has been restricted and assigned for specific purposes, respectively. The remaining balance of \$1.3 million is unassigned at year end.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the District reported total general fund balance of \$2.7 million. Of this amount \$1.4 million, or 51.3% of the total general fund balance, has been assigned by the District for carried over appropriations of \$513,000 and \$850,000 of fund balance assigned to fund fiscal year 2015 operating budget. The remaining \$1.3 million, or 48.7%, is unassigned at year end. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund revenues and expenditures. General fund unassigned fund balance represents 1.4% of total general fund revenues and expenditures, respectively. Total fund balance represents 2.9% of total general fund revenues and expenditures, respectively.

The total general fund balance increased by approximately \$1.6 million during the current fiscal year, primarily due to savings on appropriations.

General Fund Budgetary Highlights

The District adopts an annual expenditure budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget. The difference between the original budget the amended final budget is primarily due to School committee votes between appropriations and encumbrances.

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2014

Capital Asset and Debt Administration

Capital assets:

In conjunction with the operating budget, the District annually prepares a capital budget by individual school and collectively by member Town. The capital budget is reviewed and approved by the School Committee annually.

The District's investment in capital assets for governmental activities as of June 30, 2014 amounts to \$77.7 million which is net of accumulated depreciation of \$13.8 million. Capital assets, net of accumulated depreciation as of June 30, 2013 amounted to approximately \$80.0 million. The District had no capital asset additions or disposals during the year. The change represented depreciation of \$2.2 million.

The District's capital assets, net of accumulated depreciation consist of the following (in millions):

	<u>2014</u>	<u>2013</u>
Land	\$.7	\$.7
Buildings	<u>77.0</u>	<u>79.3</u>
Total	<u>\$ 77.7</u>	<u>\$ 80.0</u>

Debt administration:

At the end of the current fiscal year, the District had total bonded debt outstanding of \$22.4 million. This is compared to \$24.9 million last year. This debt is a general obligation of the District. During fiscal year 2014, the District refunded outstanding long term debt of approximately \$12.1 million, by issuing refunding bonds of \$11.2 million and recognizing a premium of \$1.1 million.

The District maintains an A1 bond rating with Moody's.

Economic Factors and Next Year's Budgets and Rates

The District's fiscal year 2015 budget is approximately \$81.2 million, an increase of approximately \$1.0 million, or 1.25% from fiscal year 2014. The District is utilizing \$850,000 of available fund balance to fund the fiscal year 2015 budget.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Wachusett Regional School District, Attn: Director Finance & Operations, 1745 Main Street, Jefferson, MA 01522.

See Independent Auditor's Report.

BASIC FINANCIAL STATEMENTS

WACHUSETT REGIONAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	Primary Government Governmental Activities/Totals
ASSETS	
Cash and cash equivalents	\$ 8,628,573
Receivables	1,155,112
Capital assets, net of accumulated depreciation	77,700,310
Total assets	<u>\$ 87,483,995</u>
LIABILITIES	
Accounts payable and other liabilities	\$ 620,066
Salaries and withholdings payable	5,438,904
Accrued interest	229,004
Long-term liabilities:	
Due within one year	1,705,000
Due in more than one year	76,411,312
Total liabilities	<u>84,404,286</u>
NET POSITION	
Net investment in capital assets	55,349,348
Restricted	1,066,134
Unrestricted	(53,335,773)
Total net position	<u>3,079,709</u>
Total liabilities and net position	<u>\$ 87,483,995</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, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities/Totals</u>
Primary government					
Governmental activities					
Salaries	\$ 52,314,243	\$ 669,712	\$ 513,521	\$	\$ (51,131,010)
Instructional support	3,672,956	217,829	1,955,296		(1,499,831)
Pupil services	1,195,171	1,701,254	447,554		953,637
Operations and maintenance of facilities	5,941,236	55,218			(5,886,018)
Employee benefits and other fixed charges	34,925,009	87,722	14,483,893		(20,353,394)
Other operating costs	1,101,139	41,608			(1,059,531)
Special education tuitions	4,235,454		2,666,242		(1,569,212)
Transportation	5,219,994		2,840,598		(2,379,396)
Interest and other costs	1,246,786				(1,246,786)
Total governmental activities	<u>\$ 109,851,988</u>	<u>\$ 2,773,343</u>	<u>\$ 22,907,104</u>	<u>\$</u>	<u>(84,171,541)</u>
General revenues:					
Assessments to member towns					50,738,699
Grants and contributions not restricted to specific programs					25,343,524
Interest income					16,248
Premiums received on borrowings					1,158,593
Departmental and miscellaneous					194,873
Total general revenues					<u>77,451,937</u>
Change in net position					(6,719,604)
Net position - beginning					<u>9,799,313</u>
Net position - ending				\$	<u><u>3,079,709</u></u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2014

	General	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,454,190	\$ 1,174,383	\$ 8,628,573
Receivables		1,155,112	1,155,112
Interfund receivables	1,144,644		1,144,644
Total assets	<u>\$ 8,598,834</u>	<u>\$ 2,329,495</u>	<u>\$ 10,928,329</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 501,986	\$ 118,080	\$ 620,066
Salaries payable and withholdings payable	5,438,904		5,438,904
Interfund payables		1,144,644	1,144,644
Total liabilities	<u>5,940,890</u>	<u>1,262,724</u>	<u>7,203,614</u>
FUND BALANCE			
Restricted		1,095,172	1,095,172
Assigned	1,363,066		1,363,066
Unassigned	1,294,878	(28,401)	1,266,477
Total fund balances	<u>2,657,944</u>	<u>1,066,771</u>	<u>3,724,715</u>
Total liabilities and fund balances	<u>\$ 8,598,834</u>	<u>\$ 2,329,495</u>	<u>\$ 10,928,329</u>

Amounts reported for net position of governmental activities in the statement of net position are different because:

Total fund balances of governmental funds	\$ 3,724,715
Capital assets used in governmental activities of \$91,488,851 net of accumulated depreciation of \$13,788,541, are not financial resources and not reported in funds.	77,700,310
Accrued interest recorded on the full accrual basis, not recognized on modified accrual basis.	(229,004)
Long-term liabilities, including debt, compensated absences, and net OPEB obligation are not due and payable in the current period and is not included in funds.	<u>(78,116,312)</u>
Net position of governmental activities	<u>\$ 3,079,709</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
Town assessments	\$ 50,738,699	\$	\$ 50,738,699
Intergovernmental	41,243,779	6,818,373	48,062,152
Charges for services		2,090,420	2,090,420
Investment income	16,248	501	16,749
Departmental and miscellaneous	194,873	870,900	1,065,773
Total revenues	<u>92,193,599</u>	<u>9,780,194</u>	<u>101,973,793</u>
EXPENDITURES			
Current:			
Salaries	50,374,662	1,939,583	52,314,245
Instructional support	1,668,135	2,004,821	3,672,956
Pupil services	154,648	1,040,523	1,195,171
Operations and maintenance of facilities	3,474,466	179,606	3,654,072
Employee benefits and other fixed charges	24,205,197	1,789,307	25,994,504
Other Operating Costs	1,072,264	28,875	1,101,139
Special Education tuitions	1,569,212	2,666,242	4,235,454
Transportation	5,219,994		5,219,994
Debt service:			
Principal	1,725,000		1,725,000
Interest and other costs	1,240,084		1,240,084
Total expenditures	<u>90,703,662</u>	<u>9,648,957</u>	<u>100,352,619</u>
Excess (deficiency) of revenues over expenditures	1,489,937	131,237	1,621,174
OTHER FINANCING SOURCES (USES)			
Transfers in		4,294	4,294
Transfers (out)	(4,294)		(4,294)
Premiums received on temporary borrowing	84,420		84,420
Premiums received on refunding bonds, net of issuance costs	922,328		922,328
Proceeds from issuance of refunding bonds	11,215,000		11,215,000
Payments to bond refunding escrow agent	(12,137,328)		(12,137,328)
Total other financing sources and uses	<u>80,126</u>	<u>4,294</u>	<u>84,420</u>
Net change in fund balances	1,570,063	135,531	1,705,594
Fund balances - beginning	1,087,881	931,240	2,019,121
Fund balances - ending	<u>\$ 2,657,944</u>	<u>\$ 1,066,771</u>	<u>\$ 3,724,715</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, 2014

Revenues and other financing sources over (under) expenditures and other financing uses - governmental funds	\$ 1,705,594
Governmental funds report capital outlays as expenditures, however, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.	
Depreciation expense recorded for the fiscal year	(2,287,164)
The issuance and repayment of long-term debt are recorded as other financing sources or uses in the fund financial statements, but have no effect on net position in the government-wide financial statements. Also, governmental funds report issuance costs, premiums, discounts and similar items as expenditures when paid, whereas these amounts are deferred and amortized on a government-wide basis.	
Principal payments on long term debt	1,725,000
Proceeds from qualified state refunding bonds	(11,215,000)
Refunded bond principal	12,055,000
The fund financial statements record interest on long-term debt when due. The government-wide financial statements report interest on long-term debt when incurred.	
Accrued interest	227,471
Certain liabilities are not funded through the use of current financial resources and, therefore, are not reported in the fund financial statements; however, these liabilities are reported in the government-wide financial statements. The change in these liabilities is reflected as an expense in the Statement of Activities. Changes in liabilities are as follows:	
Annual OPEB cost	(11,669,007)
OPEB contributions made	2,698,665
Compensated absences, net	39,837
Change in net position of governmental activities	<u>\$ (6,719,604)</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	Private Purpose Trust Funds - Scholarships	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 190,178	\$ 423,069
Total assets	<u>\$ 190,178</u>	<u>\$ 423,069</u>
LIABILITIES		
Accounts payable	\$	\$ 14,803
Amounts due to students		408,266
Total liabilities	<u></u>	<u>\$ 423,069</u>
NET POSITION		
Total held in trust	190,178	
Total liabilities and net position	<u>\$ 190,178</u>	

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

WACHUSETT REGIONAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2014

	Private Purpose Trust Funds - Scholarships
ADDITIONS	
Interest	\$ 1,019
Total additions	1,019
DEDUCTIONS	
Scholarships and awards	15,639
Total deductions	15,639
Change in net position	(14,620)
Net position - beginning	204,798
Net position - ending	<u>\$ 190,178</u>

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

NOTES TO FINANCIAL STATEMENTS

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Note 1. Organization and Reporting Entity

A. Organization

The Wachusett Regional School District (the District), Jefferson, Massachusetts, was originally formed in 1950 as a grade 9-12 school district under Chapter 71 of the Massachusetts General Laws for the member towns of Holden, Paxton, Princeton, Rutland and Sterling. In 1994, the member towns as amended and supplemented the Agreement for the District to operate the public school system, consisting of grades from pre-kindergarten through grade twelve (12) for the benefit of its member towns. The District operates 13 schools within the member towns. The District is governed by a representative School Committee comprised of twenty-two individuals elected from its member towns.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America (GAAP) and in accordance with the *Governmental Accounting Standards Board*, the accompanying financial statements present the Wachusett Regional School District (the primary government) and its component units.

Primary Government - The District is governed by the School Committee, which consists of (22) members elected on staggered terms every three years by registered voters of each member town. The number of seats each community elects is based on its population in accordance with the Regional Agreement.

Component Units - Component units are included in the District's reporting entity if their operational and financial relationships with the school district are significant. No component units are identified for the year ended June 30, 2014, which meet the criteria for inclusion in the accompanying basic financial statements.

Joint Ventures - Municipal joint ventures pool resources to share the costs, risks, and rewards of providing services to its participants, the public, or others. The following table identifies the most significant joint ventures of the District. Financial information may be obtained from each joint venture by contacting them at the above addresses. The District has no equity in the joint ventures. The District also participates in cost-sharing groups for retirement benefits.

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>2014 District's payments</u>
Assabet Valley Collaborative	Special education services	57 Orchard Street, Marlborough, MA 01752	\$ 160,583
CAPS Education Collaborative	Special education services	53 School, St Gardner, MA 01440	\$ 150,412
Central Massachusetts Special Education Collaborative	Special education services	11 McKeon Rd, Worcester, MA 01610	\$ 292,734
FLLAC Education Collaborative	Special education services	2 Shaker Rd, Suite B210, Shirley, MA 01464	\$ 193,275
Southern Worcester County Education Collaborative	Special education services	P.O. Box 517, Southbridge, MA 01550	\$ 37,698

Note 2. Summary of Significant Accounting Policies

A. Basis of Presentation

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). *The Governmental Accounting Standards Board* (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District is discussed below.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities are generally financed through intergovernmental assessments or other non-exchange transactions. The District's does not maintain any proprietary funds.

Government-wide Statements

In the government-wide Statement of Net Position, governmental columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables and deferred outflows of resources, as well as long-term liabilities, deferred inflows of resources and other liabilities reported on a full accrual basis. The District's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. Gross expenses (including depreciation) are reduced on the Statement of Activities by related program revenues, which consist of charges for services, operating grants and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Assessments to the member towns include amounts for respective share of operating costs and debt service. The total amount of the assessments have been reported as general revenues.

The net costs by function are normally covered by general revenue.

Certain costs, such as employee benefits, property and liability insurance, among other costs are not allocated among the District's functions and are included in Employee benefits and other fixed charges expense in the Statement of Activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line. Depreciation expense has been included with Operations and Maintenance functions as a direct expense.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds available to the District:

Major Funds

- General fund is the primary operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Non-major governmental funds consist of other special revenue, capital project and other funds that are aggregated and presented in the non-major governmental funds column on the governmental funds financial statements. The following describes the general use of these funds:

- Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used if legally mandated. Currently, the District does not utilize a debt service fund.
- Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs. Currently, the District does not utilize any permanent funds.

Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The following is a description of the fiduciary funds of the District:

- Private purpose trust funds account for resources legally held in trust for the benefit of persons and organizations other than the District. Since these funds cannot be used for providing District services, they are excluded from the District's government-wide financial statements.
- Agency funds are used to hold funds on behalf of parties other than the District. The District maintains funds for school student activities. Agency funds are custodial in nature and do not involve measurement of results of operations.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB pronouncements set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District may electively add funds, as major funds, which have specific community focus. The non-major funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary 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 revenue 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. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (60 days) to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments, and post-employment health care benefits, which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Entitlements and shared revenues are recorded at the time of receipt, or earlier, if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

C. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand, demand deposits, and certificates of deposit.

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. As applicable, the District's investments are reported at fair value at year-end. Fair value is determined based upon quoted market prices. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund. Additional cash and investment disclosures are presented in these Notes, as applicable.

D. Inventories

The District currently doesn't report any inventories for financial reporting purposes. The District treats food and supplies purchased in the food service program as expenditures when purchased, rather than when consumed. The District has determined any amounts not consumed at year end to be immaterial to the District's financial statements.

E. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term inter-fund loans are reported as "inter-fund receivables and payables." Long-term inter-fund loans (non-current portion) are reported as "advances from and to other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

F. Receivables

Receivables consist of all revenues earned at year-end and not yet received, net of an allowance for uncollectible amounts. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The District considers all of its receivables collectible and does not report an allowance for uncollectible accounts.

G. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The District defines capital assets, which includes land, building and improvements, and furniture and equipment, as assets with an initial, individual cost of more the \$25,000 and an estimated useful life in excess of one year. The cost 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.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

➤ Land improvements	5-50 years
➤ Buildings	40 years
➤ Machinery and equipment	5-10 years
➤ Vehicles	5 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. Deferred Outflows and Deferred Inflows

Deferred outflows of resources, as applicable, represent a consumption of assets by the government that is applicable to a future reporting period. These deferred outflows of resources have a positive effect on net position and are reported after assets when applicable. The District has not reported any deferred outflows of resources as of June 30, 2014. Deferred inflows of resources, as applicable, represent the acquisition of assets by the government that is applicable to a future reporting period. These deferred inflows of resources have a negative effect on net position and are reported after liabilities when applicable. These amounts are reported in government-wide and fund financial statements based upon the nature of the items. The District has not reported any deferred inflows of resources at June 30, 2014.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

I. Liabilities

Liabilities represent present obligations to sacrifice resources for which the government has little or no discretion to avoid. The primary focus is on the obligation for the government to perform. The accounting treatment for these obligations depends on whether they are reported in the government-wide or fund financial statements.

Current liabilities are reported in both the fund and government-wide financial statements. Current liabilities represent obligations incurred in the operating cycle for acquisition goods, services, accruals for salaries/wages, vacation accruals, and other obligations due or generally expected to be liquidated within one year from the balance sheet date. Government-wide financial statements also report other current liabilities such as accrued interest, which is reported on a full accrual basis.

Generally, all noncurrent (long term) liabilities are not reported as liabilities in the fund financial statements, but are reported in the government-wide statements. Such obligations consist primarily of such obligations as bonds payable, compensated absences and other post-employment obligations.

J. Compensated Absences

The District's policies and provisions of bargaining unit contracts regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick leave. The liability for estimated payout of accumulated sick time upon retirement or death pursuant to collective bargaining agreements recorded as long-term obligations in the government-wide statements when incurred.

K. Equity Classifications

Government-wide Statements

Equity is classified as net position in the government-wide financial statements. The District first utilizes restricted resources for appropriate activities prior to utilizing unrestricted resources. Net position is displayed in three components:

- **Net investment in capital assets**— This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- **Restricted** — This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These assets may be restricted by constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted**—This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance can be classified in the following components:

- Nonspendable fund balance – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – consists of amounts upon which constraints have been placed on their use either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – consist of amounts which can only be used for specific purposes pursuant to constraints imposed by the District's highest level of decision making, the District School Committee. Any modification or rescission must also be made by District School Committee vote.
- Assigned fund balance – consist of amounts that are constrained by the District's intent to be used for a specific purpose. Intent is expressed by (a) the governing body itself, or (b) a body, or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Amounts are assigned based upon vote of the School Committee, or approval by the Director of Finance and Operations and the Superintendent through the District's procurement and budgeting processes.
- Unassigned fund balance – represents the residual classification for the remaining fund balance. It represents amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

The District's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds were designated for one purpose at the time of their creation. Therefore any expenditure made from the fund will be allocated to the applicable fund balance classifications in accordance with the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results will differ from those estimates.

M. Total Columns

The total column presented on the government-wide financial statements represents consolidated financial information.

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Note 3. Stewardship, Compliance and Accountability

A. Budget Process

The School Committee annually determines the amount to be raised to maintain and operate the District during the next fiscal year and apportions the amount among the member towns in accordance with the terms of the district agreement and provisions of MGL. The amounts apportioned to each town are certified by the District Treasurer to the Treasurers of each member town. Each town takes action on the amounts so certified at the town's next Annual Town Meeting. Changes in the originally adopted appropriations are voted by the School Committee. Supplemental appropriations are acted upon through Special Town Meetings of the member towns. Enacted appropriations cannot legally be exceeded; any savings from annual general fund appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. Amounts assessed to the member towns are due semi-annually on the first day of each November and May.

Budgets for grants and certain revenues from revolving funds accounted for in special revenue funds and are not required to be prepared under the General Laws of Massachusetts. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth of Massachusetts or other grantor agencies.

Massachusetts General Law, Chapter 70, as amended by the Education Reform Act of 1993, provides for a minimum amount of spending for local and regional school districts. This net school-spending requirement is made up of the minimum local contribution and Chapter 70 state aid. The District appropriated sufficient funds in fiscal year 2014 and met the net school spending requirements.

The minimum, local contribution is computed by the Commonwealth of Massachusetts. The following are the fiscal year 2014 minimum local contributions and net school spending requirements for the District:

Holden	\$ 17,127,929
Paxton	4,239,534
Princeton	4,046,051
Rutland	6,470,503
Sterling	<u>8,077,258</u>
Total minimum local contribution	39,961,275
Regional Chapter 70 Aid	<u>24,731,804</u>
Total net school spending requirement	<u>\$ 64,693,079</u>

These amounts represent the minimum each community must contribute to support the net school spending of the District. Eligible net school spending costs include all spending of the District except transportation, debt service, and capital costs.

B. Budgetary basis of accounting

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). A comparison of the budget to actual amounts on a "budgetary basis" is provided as required supplementary information to provide a meaningful comparison with the budget.

C. Fund equities

Operations of the various District funds for fiscal 2014 were funded in accordance with the General Laws of Massachusetts. The District classifies fund equity in the fund financial statements as either nonspendable, restricted, committed, or assigned for specific purposes. As of June 30, 2014, the classification of the District's fund balances can be detailed as follows:

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

	<u>General</u> <u>Fund</u>	<u>Non-Major</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Restricted:			
Instructional	\$	\$ 728,336	\$ 728,336
Pupil services		212,438	212,438
Operations and maintenance		29,497	29,497
Other operational costs		95,863	95,863
Capital projects	-	29,038	29,038
subtotal		1,095,172	1,095,172
Assigned:			
Instructional	283,950		283,950
Pupil services	3,253		3,253
Operations and maintenance	204,826		204,826
Employee benefits	21,037		21,037
For FY2015 operating budget	850,000	-	850,000
subtotal	1,363,066		1,363,066
Unassigned	1,294,878	(28,401)	2,116,477
Total fund balance	<u>\$ 2,657,944</u>	<u>\$ 1,066,771</u>	<u>\$ 3,724,715</u>

Deficit unassigned fund balance of approximately \$28,000 represents deficits in certain special revenue and revolving funds.

D. Restricted Net Position

The following table illustrates the District's restricted net position as reported on the government-wide financial statements as of June 30, 2014:

Special Revenue Funds:	
School revolving	\$ 636,925
District revolving	190,505
Athletic revolving	190,204
Federal grants	36,826
Other special revenue funds and grants	11,674
Total restricted net position	<u>\$ 1,066,134</u>

Note 4. Cash and Cash Equivalents

Massachusetts General Laws, Chapter 44, Section 54 and 55, place certain limitations on cash deposits and investments available to the District. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved. The District may also invest in securities issued by or unconditionally guaranteed by the U.S. Government or an agency thereof, and having a maturity from date of purchase of one year or less. The District may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from date of purchase. The District may invest in units of the Massachusetts Municipal Depository Trust (MMDT), an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts. Cash deposits are reported at carrying amount, which reasonably approximates fair value.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

The District maintains deposits in authorized financial institutions. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2014 deposits totaled \$10,034,082 (including \$5,179,310 of repurchase agreements and \$5,869 of MMDT deposits) and had a carrying amount of \$9,241,820. The difference between deposit amounts and carrying amounts represents outstanding checks and other reconciling items.

Of the deposit amounts, \$2,436,082 was covered by Federal Depository Insurance Corporation (FDIC) limits, \$250,000 by the National Credit Union Administration (NCUA) and \$1,306,212 was covered by the Massachusetts Credit Union Share Insurance Corporation. \$856,608 was exposed to custodial credit risk because it was uninsured and uncollateralized by securities specifically in the name of the District at June 30, 2014. An additional \$5,179,310, of the District's deposits at June 30, 2014, were invested in securities pursuant to repurchase agreements, or overnight sweep accounts with several financial institutions. These amounts are invested in US government securities. For financial reporting purposes the District has classified these accounts as cash equivalents at June 30, 2014. The District also maintained an additional \$5,869 held in (MMDT). MMDT maintains a cash portfolio and a short term bond fund with combined maturities of approximately three months.

Custodial credit risk for investments is the risk that, in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair market value to changes in market interest rates. The District's investment policy limits all investments to under two years.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. Government and certain of its agencies are not considered to have credit risk and therefore no rating is disclosed. Equity securities, money market funds, repurchase agreements and equity mutual funds are not rated as to credit risk. The District's investment policy requires a perfected interest in all investments.

Concentration of credit risk – The District's investment policy does not specifically limit the amount that can be invested in any one issuer or security.

Note 5. Receivables

The District reports the aggregate amount of receivables in the accompanying Statement of Net Position and Balance Sheet. In addition, governmental funds report, on the Balance Sheet, deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned in the Statement of Net Position.

At June 30, 2014, the District reported intergovernmental receivables in the amount of \$1,155,112. This consisted of \$727,844 due from the Commonwealth of Massachusetts for circuit breaker and school choice, \$32,359 for food service reimbursements, and \$387,773 for various state and federal grants. All of these amounts have been accrued for financial reporting purposes and accordingly have no allowances for uncollectible associated with them.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2014 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 695,000	\$ -	\$ -	\$ 695,000
Capital assets being depreciated:				
Buildings	90,755,709			90,755,709
Machinery and equipment	<u>38,142</u>	<u>-</u>	<u>-</u>	<u>38,142</u>
Total capital assets	91,488,851			91,488,851
Less Accumulated Depreciation				
Buildings	11,463,235	2,287,164		13,750,399
Machinery & equipment	<u>38,142</u>	<u>-</u>	<u>-</u>	<u>38,142</u>
Sub-total	<u>11,501,377</u>	<u>2,287,164</u>	<u>-</u>	<u>13,788,541</u>
Governmental capital assets, net	<u>\$ 79,987,474</u>	<u>\$ 2,287,164</u>	<u>\$ -</u>	<u>\$ 77,700,310</u>

Depreciation expense of \$2,287,164 was charged to operations and maintenance functions.

Note 7. Leased Facilities

The School District leases the elementary and middle schools from the various Towns for one dollar annual pursuant to the Regional Agreement. The District owns the high school and administration buildings. Under the terms of the agreement the School District is responsible for the cost of operations including utilities, insurance, and maintenance of these facilities. The member Towns perform any significant capital improvements. During fiscal year 2014, the various member Towns have received funding through the Massachusetts School Building Authority (MSBA) for capital improvement projects to their facilities, which have been passed through the District. These amounts are as follows:

<u>Member Town</u>	<u>Amount</u>
Holden	\$ 3,259,768
Sterling	1,034,230
Rutland	864,461
Paxton	<u>338,045</u>
Total	<u>\$ 5,496,504</u>

Note 8. Interfund Balances and Activity

The General fund is owed approximately \$1.1 million from various governmental funds as of June 30, 2014 for deficit spending. Interfund transfers, for the fiscal year ended June 30, 2014 consisted of approximately \$4,000 being transferred from the general fund for Medicaid cost reimbursements.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Note 9. Long Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ending June 30, 2014:

<u>Purpose</u>	<u>Balance 07/01/2013</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>(Refunded)</u>	<u>Balance 06/30/2014</u>	<u>Current Portion</u>
Governmental activities:						
2003 Multipurpose bonds, 2.40%- 5.00%, maturities 2024	\$ 13,005,000	\$ -	\$ (950,000)	\$ (12,055,000)	\$ -	\$ -
2004 Multipurpose bonds, 3.00%-5.00%, maturities 2025	2,575,000		(170,000)		2,405,000	175,000
2009 Multipurpose bonds, 3.12%-4.50%, maturities 2029	4,880,000		(305,000)		4,575,000	305,000
2010 Multipurpose bonds, 2.50%-4.25%, maturities 2027	1,725,000		(135,000)		1,590,000	130,000
2011 Multipurpose bonds, 3.00%-5.25%, maturities 2030	2,760,000		(165,000)		2,595,000	165,000
2014 State qualified refunding bonds, 1.50%-4.00%, maturities 2024	-	<u>11,215,000</u>	-	-	<u>11,215,000</u>	<u>870,000</u>
Total long-term bonds	24,945,000	11,215,000	(1,725,000)	(12,055,000)	22,380,000	1,645,000
Compensated absences	406,837		(39,837)		367,000	60,000
Net OPEB obligation	<u>46,398,970</u>	<u>11,669,007</u>	<u>(2,698,665)</u>	-	<u>55,369,312</u>	-
Total governmental activities	<u>\$ 71,750,807</u>	<u>\$ 22,884,007</u>	<u>\$ (4,463,502)</u>	<u>\$ (12,055,000)</u>	<u>\$ 78,116,312</u>	<u>\$1,705,000</u>

The annual requirements to amortize all general obligation bonds and loans outstanding as of June 30, 2014, including interest, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,645,000	\$ 970,554	\$ 2,615,554
2016	1,805,000	795,819	2,600,819
2017	1,835,000	742,756	2,577,756
2018	1,860,000	680,744	2,540,744
2019	1,895,000	606,681	2,501,681
2020-2024	10,285,000	1,802,484	12,087,484
2025-2029	2,895,000	360,269	3,255,269
2030	<u>160,000</u>	<u>8,400</u>	<u>168,400</u>
Total	<u>\$ 22,380,000</u>	<u>\$ 5,967,707</u>	<u>\$ 28,347,707</u>

Bond refunding

On January 15, 2014, the District issued \$11,215,000 General Obligation State Qualified School Refunding Bonds, for the purpose of currently refunding \$12,055,000 of outstanding General Obligation Bonds issued in 2003. The District recognized a premium of \$1,074,173 and issuance and other costs of \$151,845, resulting in a net amount received of \$922,328. As a result of the refunding, \$12,137,328 was paid to an escrow agent for the purposes of paying the redeemed bonds in March 2014. The aggregate “net present value” benefits of the refunding amounted to approximately \$1.3 million.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Lease obligations

A. Operating leases

The District has entered into a number of operating leases for copier equipment to support governmental activities, subject to annual appropriation. The District has determined these lease payments to be immaterial to the District at June 30, 2014.

B. Capital leases

In accordance with Massachusetts General Laws, the District may enter into lease agreements for a period not exceed five years and subject to annual appropriation. The District has no capital leases at June 30, 2014.

Note 10. Temporary Debt Obligations

Under state law and by authorization of the School Committee, the District is authorized to borrow on a temporary (short-term) basis to fund the following:

- Operating expenses prior to obtaining member town assessments, state aid and other revenues through the issuance of revenue anticipation notes (RANs).
- Capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs),
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state aid anticipation notes (FANs and SANs).

Temporary loans are general obligations of the District and carry maturity dates that are limited by statute and are maintained in the appropriate fund. Interest expenditures for temporary borrowings are accounted for in the General Fund.

The following is a summary of changes in temporary debt obligations of the District for the year ending June 30, 2014:

<u>Purpose</u>	<u>Balance 07/01/2013</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 06/30/2014</u>
Revenue anticipation note, 1.0%, issued 7/3/2013, matured 5/30/2014	\$ -	\$ 16,500,000	\$ 16,500,000	\$ -

The District School Committee authorized borrowing a revenue anticipation note beginning July 1, 2014. The District borrowed a \$18,000,000 revenue anticipation note July 3, 2014 1.25%, with a maturity of May 29, 2015. The District had no other outstanding debt authorizations.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Note 11. Employee Benefits

A. Retirement Benefits

Plan Description

The District contributes for eligible employees, other than teachers, to the Worcester Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan administered by the Worcester Retirement Board. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Association is governed by the applicable provisions of Chapter 32 of the Massachusetts General Law (M.G.L.) and other applicable statutes. Oversight is provided by a five member board. The System issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained by writing to Public Employee Retirement Administration Commission (PERAC), One Ashburton Place, Boston, Massachusetts 02108. Teachers are covered by the Commonwealth of Massachusetts, Teachers Retirement System (MTRS), to which the District does not contribute.

Funding Policy

Plan members are required to contribute 5-11% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The District's current year contribution is \$1,328,376 representing approximately 3.45% of the System wide employer assessments. The contribution requirements of plan members and the District are established and may be amended by M.G.L. The District's contributions to the Association for the years ending June 30, 2013 and 2012 were \$1,313,722 and \$1,254,316 respectively, which were equal to the required contributions.

As noted above, the District does not contribute to the Massachusetts Teachers Retirement System (MTRS). Contributions to the MTRS are made by the Commonwealth of Massachusetts on behalf of the District. Accounting principles generally accepted in the United States require the District to record such "on behalf payments" as revenue and expenditures in the financial statements. Accordingly, \$13,091,512 of pension benefits paid by the Commonwealth of Massachusetts on behalf of the District is included in the accompanying Statement of Activities as Employee benefits and fixed charges and operating contributions and in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balance as general fund intergovernmental revenue and employee benefits and fixed charges expenditures. These on-behalf payments are not part of the local budget and therefore, are not included in the accompanying budgetary basis schedule.

B. Compensated Absences

Upon retirement or the death of an employee, the District shall pay a retirement benefits for accumulated sick leave days at the date of retirement or death pursuant to collective bargaining agreements. Certain employees may carryover vacation days. The District has determined the vacation liability to be immaterial to the financial statements. As of June 30, 2014, the District has estimated the potential accumulated sick leave liability associated with employees eligible for the retirement benefit to be approximately \$367,000. The amount associated with accumulated sick leave to be paid upon retirement or death has been reported as a long-term liability in the Statement of Net Position.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

C. Other Post-Employment Benefits

Plan Description

The District administers a single employer defined benefit healthcare plan (the Plan) which provides lifetime health and life insurance for eligible retirees and their spouses through the District's group health and life insurance plans, which cover both active and retired members. Total plan participants are 834, comprised of 1,015 active members and 367 retirees and beneficiaries. The District pays health care and life insurance premiums for retirees and beneficiaries on a pay as you go basis. These benefits are provided for and amended under various provisions of Massachusetts General Law (MGL), District Ordinances and the terms of collective bargaining agreements. The Plan does not issue separate financial statements.

Funding Policy

The contribution rates of retirees are established by collective-bargaining agreements, Massachusetts General Law, and District ordinances. The required contribution is based on pay as you go financing requirements. All benefits are provided through a third-party joint purchasing group that administers, assumes, and pays all claims. The District contributes 50% of the insurance premiums with the remainder funded through pension benefit deductions.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the provisions of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Governmental Activities
Annual required contribution	\$ 12,496,621
Interest on net OPEB obligation	1,855,959
Adjustment to annual required contribution	<u>(2,683,573)</u>
Annual OPEB cost (expense)	11,669,007
Contributions made	<u>(2,698,665)</u>
Increase in net OPEB obligation	8,970,342
Net OPEB obligation – beginning of year	<u>46,398,970</u>
Net OPEB obligation – end of year	<u>\$ 55,369,312</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
Governmental activities:			
6/30/2014	\$ 11,669,007	23%	\$ 55,369,311
6/30/2013	11,143,806	22%	46,398,970
6/30/2012	13,474,759	22%	37,691,030

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Funding Status and Schedule of Funding Progress

The unfunded actuarial accrued liability was determined using the level dollar thirty year open amortization basis.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Percentage of Covered Payroll [(b)-(a)]/(c)
Governmental Activities:						
7/1/2012	\$ -	\$ 99,201,962	\$ 99,201,962	0%	\$ 50,650	195.86%
7/1/2010	\$ -	\$ 101,521,284	\$ 101,521,284	0%	\$ 46,154	219.96%
7/1/2008	\$ -	\$ 105,063,662	\$ 105,063,662	0%	\$ 46,699	224.98%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of the benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used.

The actuarial assumptions included a 4.0% investment rate of return, on the pay-as-you go method. Additionally, medical/drug cost trend rate utilized was 9.0% decreasing by 1% to the ultimate level of 5.0% per year. The UAAL is being amortized over a 30 year period on an open basis, with 29 years remaining.

Note 12. Risk Management

The District is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment, and employee health claims.

The District carries commercial insurance for general liabilities and property, plant and equipment. Losses are insured to the extent the losses exceed the deductibles.

The District participates in premium based health care plans for its employees and retirees. The District pays premiums for active and retired employees on a pay-as-you go-basis. For fiscal year 2014 the District paid approximately \$10.0 million for benefits on a pay-as-you-go basis.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Note 13. Commitments and Contingencies

The District receives significant financial assistance from Federal and State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies, principally the federal and state government. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the District believes such disallowance, if any, would be immaterial.

The District is subject to legal actions and claims that are subject to many uncertainties. Although the amount of the liability, if any, at June 30, 2014, cannot be ascertained, management is in the process of contesting these claims and believes no resulting liability can reasonably be recorded at June 30, 2014.

Note 14. Implementation of GASB pronouncements

The following are pronouncements issued by the Governmental Accounting Standards Board (GASB), which are applicable to the District's financial statements.

Current pronouncements

The GASB issued Statement #65, Items Previously Reported as Assets and Liabilities, which was required to be implemented in fiscal year 2014. The pronouncement reclassified certain assets and liabilities as deferred outflows and deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The pronouncement had no material effect in the current year.

The GASB issued Statement #66, Technical Corrections – 2012, an amendment of GASB Statements No.10 and No. 62, which is required to be implemented in fiscal year 2014. The pronouncement resolves conflicting guidance from issued pronouncement No. 54, regarding fund based reporting of risk financing activities. Also it amends No. 62 by modifying the specific guidance on accounting for (1) operating lease payments, (2) purchase of a loan or a group of loans, and (3) service fees. The pronouncement had no effect upon the District's financial statements.

The GASB issued Statement #69, Government Combinations and Disposals of Government Operations, which is required to be implemented in fiscal year 2014. The pronouncement addresses accounting and financial reporting issues associated with a variety of transactions, such as mergers, acquisitions, disposals and transfer of governmental operations. The pronouncement had no effect upon the District's financial statements.

The GASB issued Statement #70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, which is required to be implemented in fiscal year 2014. The pronouncement addresses accounting and financial reporting for financial guarantees extended by a government for the obligations of another government, not-for-profit, or private entity without directly receiving equal or approximately equal value in exchange for the guarantee. The pronouncement had no effect upon the District's financial statements.

WACHUSETT REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Future pronouncements

The GASB issued Statement #68, *Accounting and Financial Reporting for Pension*, which is required to be implemented in fiscal year 2015. The pronouncement requires governments providing defined benefit pensions to recognize their long term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual cost of pension benefits. It also enhances accountability and transparency through revised and additional note disclosures and required supplementary information. The pronouncement will have a material effect upon the District's financial statements.

The GASB issued Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- An Amendment of GASB Statement No. 68*, which is required to be implemented in fiscal year 2015. The pronouncement addresses application of the transition provisions of Statement No. 68, associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The District is will evaluate the effect of the pronouncement with the implementation of Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

WACHUSETT REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Funding Progress for the District's
Pension Benefit Plan and Notes
June 30, 2014

Pension plan

The District contributes to the Worcester Retirement System (the System), a cost-sharing, multiple-employer defined benefit pension plan (the Plan) administered by the Worcester Retirement Board. The System provides retirement, disability, and death benefits to members and beneficiaries. MGL Chapter 32 assigns authority to establish and amend benefit provisions of the Plan. The District is required to pay into the System its share of the system-wide actuarially determined contribution which is apportioned among Plan participants based on active covered payroll. The following information presented relates to the cost sharing plan as a whole, of which the District is one participating member.

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to actuarial accrued liability for benefits. This information is designed to be helpful for understanding the scale of the information presented relative to the District. Projection of benefits for financial reporting purposes does not explicitly incorporate any potential effects of legal or contractual funding limitations that may be applicable.

Worcester Retirement System
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percent of Covered Payroll (b-a)/c
1/1/2014	\$ 770,334,007	\$ 1,170,625,635	\$ 400,291,628	65.8%	\$ 168,856,039	237.1%
1/1/2013	706,950,694	1,117,438,564	410,487,870	64.8%	166,094,906	178.2%
1/1/2012	712,110,360	1,051,190,790	339,080,430	67.7%	159,669,859	212.4%

The District's share of the unfunded actuarial accrued liability (UAAL) as of the January 1, 2014 valuation is approximately \$13.8 million, or 3.45% of the total.

The following actuarial methods and assumptions were used in the System's most recent actuarial valuation dated January 1, 2014.

- a. Actuarial cost method: Individual entry age normal actuarial cost method
- b. Plan asset valuation: Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected return on a market value basis, and is recognized over a five-year period, further adjusted, if necessary, to be within 10% of the market value.

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of Funding Progress for the County's
Pension Benefit Plan and Notes
June 30, 2014

- c. Cost of living increases: Cost of living increases have been assumed to be 3.0% of the first \$13,000 of retirement income.
- d. Investment rate of return: 7.75%.
- e. Projected salary increases: 3.50% for 2014 and 2015 with an allowance for inflation of 3.00% and 4.50% thereafter, with an allowance for inflation of 4.00% (previously, 4.50% for all years with an allowance for inflation of 3.50%).
- f. Retirement rates: These rates vary based upon age and gender for general employees, and for police and fire. It is assumed for general employees that 40% of all disabilities are ordinary (60% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
- g. Mortality: It is assumed that both pre-retirement and healthy retirement mortality are represented by the RP-2000 Mortality Table for males and females, with projection Scale AA for 20 years and 15 years, respectively. Mortality for disabled members is represented by the RP-2000 Mortality Table set forward three years for male disabled members.
- h. Family composition: It is assumed that 80% of all members will be survived by a spouse and that females (males) are three years younger (older) than spouse and no children of retired participants.

WACHUSETT REGIONAL SCHOOL DISTRICT
Required Supplementary Information - Schedule of Funding Progress –
District's Other Post-employment Benefit Plan (OPEB)
June 30, 2014

Schedule of Funding Progress – District's Other Post Employment Benefits Plan (OPEB)

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The unfunded actuarial accrued liability was determined using the level dollar thirty year open amortization basis. The results of the most recent valuation, July 1, 2012 and previous valuations is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
Governmental Activities:						
7/1/2012 \$	-	\$ 99,201,962	\$ 99,201,962	0%	\$ 50,650,294	195.9%
7/1/2010 \$	-	\$ 101,521,284	\$ 101,521,284	0%	46,154,418	220.0%
7/1/2009 \$	-	\$ 105,063,662	\$ 105,063,662	0%	46,698,556	225.0%
7/1/2008 \$	-	\$ 98,399,778	\$ 98,399,778	0%	43,911,705	224.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of the benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, on the pay-as-you go method. Additionally, medical/drug cost trend rate utilized was 9.0% decreasing by 1% to the ultimate level of 5.0% per year. The UAAL is being amortized over a 30 year period on an open basis, with 29 years remaining.

See Independent Auditor's Report

WACHUSETT REGIONAL SCHOOL DISTRICT
 Budgetary Comparison Schedule - General Fund
 For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Town assessments	\$ 50,738,699	\$ 50,738,699	\$ 50,738,699	\$
Intergovernmental	29,057,292	29,057,292	27,633,734	(1,423,558)
Interest income	30,000	30,000	16,248	(13,752)
Departmental and miscellaneous	350,000	350,000	713,406	363,406
Total revenues	<u>80,175,991</u>	<u>80,175,991</u>	<u>79,102,087</u>	<u>(1,073,904)</u>
EXPENDITURES				
Current:				
Salaries	50,506,601	50,680,242	50,374,661	305,581
Instructional support	1,959,322	1,711,282	1,668,135	43,147
Pupil services	169,090	165,837	154,648	11,189
Operations and maintenance of facilities	3,092,319	3,571,953	3,474,466	97,487
Employee benefits and other costs	12,788,983	12,608,893	11,113,685	1,495,208
Other operating costs	1,536,836	1,314,489	1,173,974	140,515
Transportation	5,315,720	5,328,516	5,219,994	108,522
Special education tuition	2,104,300	1,578,892	1,569,212	9,680
Debt service	2,783,722	2,783,722	2,863,375	(79,653)
Total expenditures	<u>80,256,893</u>	<u>79,743,826</u>	<u>77,612,150</u>	<u>2,131,676</u>
Excess (deficiency) of revenues over expenditures	(80,902)	432,165	1,489,937	1,057,772
OTHER FINANCING SOURCES (USES)				
Transfers (out)			(4,294)	(4,294)
Premiums received on temporary borrowings			84,420	84,420
Premiums received on refunding, net of associated costs			922,328	922,328
Proceeds from issuance of refunding bonds			11,215,000	11,215,000
Payments to bond refunding escrow agent			(12,137,328)	(12,137,328)
Total other financing sources and uses			<u>80,126</u>	<u>80,126</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(80,902)	432,165	1,570,063	<u>\$ 1,137,898</u>
 Fund balances - beginning, restated			<u>1,087,881</u>	
Fund balances - ending			<u><u>\$ 2,657,944</u></u>	
OTHER BUDGETARY ITEMS				
Encumbrances	<u>80,902</u>	<u>(432,165)</u>		
Total other budgetary items	<u>80,902</u>	<u>(432,165)</u>		
Net Budget	<u><u>\$</u></u>	<u><u>\$</u></u>		

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2014

Note 1. Budgetary Basis of Accounting

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). The “actual” results column of the Budgetary Comparison Schedule - General Fund, are presented on a “budget basis” to provide a meaningful comparison with the budget. The major differences between the budget and GAAP basis is all budgeted revenues are recorded when cash is received, as opposed to when susceptible to accrual (GAAP). A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the year ended June 30, 2014, is presented in the following schedule.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources, (Uses), Net</u>
As reported on budgetary basis	\$ 79,102,087	\$ 77,527,730	\$ (4,294)
State funded teacher's pension	13,091,512	13,091,512	
Interest and issuance costs, netted with premiums received for budgetary basis	<u>-</u>	<u>236,265</u>	<u>236,265</u>
As reported on GAAP basis	<u>\$ 92,193,599</u>	<u>\$ 90,855,507</u>	<u>\$ 231,971</u>

See Independent Auditor's Report.

OTHER INFORMATION

WACHUSETT REGIONAL SCHOOL DISTRICT
Combining Schedule of Assets, Liabilities and Fund Balance - Non-Major Governmental Funds
June 30, 2014

Schedule 1	Assets			Liabilities			Fund Balance
	Cash	Receivables	Total	Warrants Payable	Interfund payable	Total	
Capital projects	\$ 29,038	\$	\$ 29,038	\$	\$	\$	\$ 29,038
Federal grants:							
MASSexcels	\$	\$	\$	\$	\$ 7,280	\$ 7,280	\$ (7,280)
Teacher quality							
Race to the top	19,659	37,028	56,687	19,659	36,970	56,629	58
Be Fit PEP							
SPED 94-142	58,074	241,979	300,053	58,074	221,489	279,563	20,490
EEC		20,484	20,484		20,484	20,484	
SPED program improvement	560		560	27		27	533
SPED program improvement	366		366	115		115	251
Title I	17,687	88,282	105,969	17,687	72,788	90,475	15,494
Title I carryover	.						
Total federal grants	96,346	387,773	484,119	95,562	359,011	454,573	29,546
Food service program	\$	\$ 32,359	\$ 32,359	\$	\$ 30,582	\$ 30,582	\$ 1,777
Athletic revolving funds:							
High school athletic fees	\$ 17,171	\$	\$ 17,171	\$	\$	\$	\$ 17,171
Mount View athletic fees	20,865		20,865				20,865
Paxton athletic fees	6,134		6,134				6,134
Princeton athletic fees	19,575		19,575				19,575
Central Tree athletic fees	18,645		18,645				18,645
Sterling athletic fees	27,537		27,537				27,537
High school athletic revolving	20,366		20,366				20,366
HS athletic transportation	50,325		50,325				50,325
HS athletic gatorade	378		378				378
HS athletic invitational	4,655		4,655				4,655
HS athletic water	4,537		4,537				4,537
District revolving	16		16				16
Total athletic revolving funds	190,204		190,204				190,204
State grants:							
Essential school health services	\$	\$	\$	\$	\$ 500	\$ 500	\$ (500)
Foundation reserve	15,849		15,849	14,398		14,398	1,451
Academic support		7,137	7,137		6,087	6,087	1,050
Academic support							
Total state grants	15,849	7,137	22,986	14,398	6,587	20,985	2,001
District revolving funds:							
EEC tuition	\$ 152,593	\$	\$ 152,593	\$ 104	\$	\$ 104	\$ 152,489
District tuition					275	275	(275)
School choice		61,281	61,281		61,281	61,281	
Circuit breaker		666,562	666,562		666,562	666,562	
Medicaid							
Professional development	1,319		1,319				1,319
Insurance reimbursement	36,622		36,622				36,622
Adult education revolving	75		75				75
Total district revolving	190,609	727,843	918,452	104	728,118	728,222	190,230
Program initiatives:							
WRHS	\$	\$	\$	\$	\$ 6,103	\$ 6,103	\$ (6,103)
Dawson	1,756		1,756				1,756
Mount View	630		630				630
Mayo					1,221	1,221	(1,221)
Paxton	47		47				47
Naquag					1,045	1,045	(1,045)
Central Tree	1,134		1,134				1,134
Glenwood	2,193		2,193	1,244		1,244	949
Chocksett	2,880		2,880				2,880
Total program initiatives	8,640		8,640	1,244	8,369	9,613	(973)

WACHUSETT REGIONAL SCHOOL DISTRICT
Combining Schedule of Assets, Liabilities and Fund Balance - Non-Major Governmental Funds
June 30, 2014

	Assets			Liabilities			Fund Balance
	Cash	Receivables	Total	Warrants Payable	Interfund payable	Total	
Schedule 1							
School revolving funds:							
Admin bldg use	\$	\$	\$	\$	\$ 11,638	\$ 11,638	\$ (11,638)
WRHS bldg use	5,528		5,528				5,528
Dawson bldg use	3,952		3,952				3,952
Mount View bldg use	4,185		4,185				4,185
Mayo bldg use	8,129		8,129				8,129
Davis Hill bldg use	5,691		5,691				5,691
Paxton bldg use	6,710		6,710	1,314		1,314	5,396
Thos. Prince bldg use	4,215		4,215				4,215
Naquag bldg use	1,422		1,422				1,422
Central Tree bldg use	6,024		6,024				6,024
Glenwood bldg use	3,336		3,336				3,336
Sterling bldg use	4,732		4,732				4,732
Houghton bldg use	3,137		3,137				3,137
WRHS damaged property	3,600		3,600	430		430	3,170
Mount View damaged property	208		208				208
Davis Hill damaged property	15		15				15
Central Tree damaged property	100		100				100
WRHS lost books	5,083		5,083				5,083
Dawson lost books	119		119				119
Mount View lost books	338		338				338
Davis Hill lost books	488		488				488
Mayo lost books	137		137				137
Paxton lost books	92		92				92
Thos. Prince lost books	18		18				18
Naquag lost books	42		42				42
Central Tree lost books	285		285				285
Glenwood lost books	710		710				710
Sterling lost books	314		314				314
Houghton lost books	280		280				280
WRHS gift & grant	1		1				1
Dawson gift & grant	3,548		3,548	86		86	3,462
Mount View gift & grant	828		828				828
Mayo gift & grant					339	339	(339)
Davis Hill gift & grant	2,583		2,583				2,583
Paxton gift & grant	6,370		6,370				6,370
Naquag gift & grant	3,887		3,887				3,887
Thos. Prince gift & grant	6,686		6,686				6,686
Central Tree gift & grant	2,681		2,681				2,681
Glenwood gift & grant	160		160				160
Sterling gift & grant	538		538				538
Houghton gift & grant	2,985		2,985	554		554	2,431
ECC gift & grant	1,710		1,710	17		17	1,693
Admin gift & grant	2,844		2,844				2,844
Dawson kindergarten tuition	38,048		38,048				38,048
Mayo kindergarten tuition	55,631		55,631				55,631
Davis Hill kindergarten tuition	73,138		73,138				73,138
Paxton kindergarten tuition	27,886		27,886				27,886
Princeton kindergarten tuition	12,795		12,795				12,795
Naquag kindergarten tuition	79,592		79,592				79,592
Houghton kindergarten tuition	105,680		105,680				105,680
Davis Hill extended day tuition	273		273				273
Princeton extended day tuition	11,736		11,736				11,736
Sterling extended day tuition	282		282				282
WRHS parking	33,116		33,116	3,619		3,619	29,497
WRHS performing arts	1,533		1,533				1,533
WRHS summer school	9,698		9,698				9,698
WRHS locker fees	20,457		20,457				20,457
WRHS applied arts	51,724		51,724	408		408	51,316
WRHS driver's education	18,397		18,397	344		344	18,053
Total school revolving	643,697		643,697	6,772	11,977	18,749	624,948
Total Non-Major governmental Funds	\$ 1,174,383	\$ 1,155,112	\$ 2,329,495	\$ 118,080	\$ 1,144,644	\$ 1,262,724	\$ 1,066,771

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Fund Balance - Non-Major Governmental Funds
For the Year ended June 30, 2014

Schedule 2	Beginning Fund Balance	Revenue	(Expenses)	Transfers In(Out)	Net Change	Ending Fund Balance
Capital projects	\$ 99,677	\$	\$ (70,639)	\$	\$ (70,639)	\$ 29,038
Federal grants:						
MASSexcels	\$ (9,322)	\$ 69,647	\$ (67,605)	\$	\$ 2,042	\$ (7,280)
Teacher quality	996	91,552	(92,548)		(996)	
Race to the top	(18,752)	59,780	(40,970)		18,810	58
Be Fit PEP	3,480	121,474	(124,954)		(3,480)	
SPED 94-142	10,675	1,528,405	(1,518,590)		9,815	20,490
EEC	44	61,960	(62,004)		(44)	
SPED program improvement	28,532	32,000	(59,999)		(27,999)	533
SPED program improvement		4,275	(4,024)		251	251
Title I	5,540	359,183	(349,229)		9,954	15,494
Title I carryover	226		(226)		(226)	
Total federal grants	21,419	2,328,276	(2,320,149)		8,127	29,546
Food service program	\$ 30,536	\$ 1,741,654	\$ (1,770,413)	\$	\$ (28,759)	\$ 1,777
Athletic revolving funds:						
High school athletic fees	\$ 14,918	\$ 90,201	\$ (87,948)	\$	\$ 2,253	\$ 17,171
Mount View athletic fees	14,207	27,870	(21,212)		6,658	20,865
Paxton athletic fees	5,779	7,560	(7,205)		355	6,134
Princeton athletic fees	13,959	13,080	(7,464)		5,616	19,575
Central Tree athletic fees	12,813	15,460	(9,628)		5,832	18,645
Sterling athletic fees	19,531	22,030	(14,025)		8,005	27,536
High school athletic revolving	(17,409)	77,843	(40,068)		37,775	20,366
HS athletic transportation	23,599	154,625	(127,899)		26,726	50,325
HS athletic gatorade	155	1,875	(1,651)		224	379
HS athletic invitational	4,768	5,012	(5,125)		(113)	4,655
HS athletic water	5,014	14,526	(15,003)		(477)	4,537
District revolving	16					16
Total athletic revolving funds	97,350	430,082	(337,228)		92,854	190,204
State grants:						
Essential school health services	\$	\$ 2,158	\$ (2,658)	\$	\$ (500)	\$ (500)
Foundation reserve		93,162	(91,711)		1,451	1,451
Academic support		17,149	(16,099)		1,050	1,050
Academic support		4,500	(4,500)			
Total state grants		116,969	(114,968)		2,001	2,001
District revolving funds:						
EEC tuition	\$ 103,240	\$ 149,469	\$ (100,220)	\$	\$ 49,249	\$ 152,489
District tuition	(275)					(275)
School choice		1,259,333	(1,259,333)			
Circuit breaker		2,666,242	(2,666,242)			
Medicaid			(4,294)	4,294		
Professional development	1,275	44			44	1,319
Insurance reimbursement	36,622					36,622
Adult education revolving		1,000	(925)		75	75
Total district revolving	140,862	4,076,088	(4,031,014)	4,294	49,368	190,230
Program initiatives:						
WRHS	\$ (22,393)	\$ 65,239	\$ (48,949)	\$	\$ 16,290	\$ (6,103)
Dawson	(761)	9,950	(7,433)		2,517	1,756
Mount View	1,860		(1,230)		(1,230)	630
Mayo	(1,638)	1,750	(1,333)		417	(1,221)
Paxton	7	345	(305)		40	47
Naquag	(1,046)		1		1	(1,045)
Central Tree		1,520	(386)		1,134	1,134
Glenwood	2,542	16,083	(17,676)		(1,593)	949
Chocksett		5,760	(2,880)		2,880	2,880
Total program initiatives	(21,429)	100,647	(80,191)		20,456	(973)

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Fund Balance - Non-Major Governmental Funds

For the Year ended June 30, 2014

Schedule 2	Beginning Fund Balance	Revenue	(Expenses)	Transfers In(Out)	Net Change	Ending Fund Balance
School revolving funds:						
Admin bldg use	\$ (10,161)	\$	\$ (1,477)	\$	\$ (1,477)	\$ (11,638)
WRHS bldg use	6,920	2,739	(4,131)		(1,392)	5,528
Dawson bldg use	4,659	7,058	(7,765)		(707)	3,952
Mount View bldg use	(143)	8,935	(4,607)		4,328	4,185
Mayo bldg use	3,156	13,545	(8,572)		4,973	8,129
Davis Hill bldg use	1,267	8,248	(3,824)		4,424	5,691
Paxton bldg use	6,412	8,885	(9,901)		(1,016)	5,396
Thos. Prince bldg use	3,997	3,985	(3,767)		218	4,215
Naquag bldg use	2,657	1,245	(2,480)		(1,235)	1,422
Central Tree bldg use	3,643	4,540	(2,159)		2,381	6,024
Glenwood bldg use	5,883	8,645	(11,192)		(2,547)	3,336
Sterling bldg use	4,197	5,705	(5,170)		535	4,732
Houghton bldg use	2,354	3,345	(2,562)		783	3,137
WRHS damaged property	2,073	2,534	(1,437)		1,097	3,170
Mount View damaged property		208			208	208
Davis Hill damaged property	15					15
Central Tree damaged property	100					100
WRHS lost books	1,745	4,412	(1,074)		3,338	5,083
Dawson lost books	80	39			39	119
Mount View lost books	114	224			224	338
Davis Hill lost books	454	34			34	488
Mayo lost books	62	60	15		75	137
Paxton lost books	24	68			68	92
Thos. Prince lost books		18			18	18
Naquag lost books	1	39	2		41	42
Central Tree lost books		285			285	285
Glenwood lost books	710					710
Sterling lost books	273	41			41	314
Houghton lost books	83	197			197	280
WRHS gift & grant	1					1
Dawson gift & grant	4,123	702	(1,363)		(661)	3,462
Mount View gift & grant	1,279		(451)		(451)	828
Mayo gift & grant	1,619	3,490	(5,448)		(1,958)	(339)
Davis Hill gift & grant	1,073	1,600	(90)		1,510	2,583
Paxton gift & grant	4,452	2,525	(607)		1,918	6,370
Naquag gift & grant	6,033	2,804	(4,950)		(2,146)	3,887
Thos. Prince gift & grant	3,188	4,649	(1,151)		3,498	6,686
Central Tree gift & grant	1,583	1,098			1,098	2,681
Glenwood gift & grant	413	5,672	(5,925)		(253)	160
Sterling gift & grant	253	10,283	(9,998)		285	538
Houghton gift & grant	777	4,012	(2,358)		1,654	2,431
ECC gift & grant	3,312	2,126	(3,745)		(1,619)	1,693
Admin gift & grant	2,844					2,844
Dawson kindergarten tuition	47,552	102,341	(111,845)		(9,504)	38,048
Mayo kindergarten tuition	65,305	105,931	(115,605)		(9,674)	55,631
Davis Hill kindergarten tuition	50,844	72,943	(50,649)		22,294	73,138
Paxton kindergarten tuition	24,152	51,215	(47,481)		3,734	27,886
Princeton kindergarten tuition	3,520	62,414	(53,139)		9,275	12,795
Naquag kindergarten tuition	73,877	115,578	(109,863)		5,715	79,592
Houghton kindergarten tuition	82,350	120,214	(96,884)		23,330	105,680
Davis Hill extended day tuition		1,593	(1,320)		273	273
Princeton extended day tuition	10,887	15,122	(14,273)		849	11,736
Sterling extended day tuition	282					282
WRHS parking	27,360	52,695	(50,558)		2,137	29,497
WRHS performing arts	3,724	18,147	(20,338)		(2,191)	1,533
WRHS summer school	5,556	13,225	(9,083)		4,142	9,698
WRHS locker fees	18,032	2,425			2,425	20,457
WRHS applied arts	52,896	59,113	(60,693)		(1,580)	51,316
WRHS driver's education	24,963	69,527	(76,437)		(6,910)	18,053
Total school revolving	562,825	986,478	(924,355)		62,123	624,948
Total Non-major governmental funds	\$ 931,240	\$ 9,780,194	\$ (9,648,957)	\$ 4,294	\$ 135,531	\$ 1,066,771

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT
Combining Schedules for Fiduciary Funds- Private Purpose Trust Funds
June 30, 2014

Schedule 3

Schedule of Assets, Liabilities and Net Position - Private Purpose Trust Funds - June 30, 2014				Schedule of Changes in Fiduciary Net Position - Private Purpose Trust Funds - For the Year Ended June 30, 2014				
Cash	Accounts Payable	Amounts Held in Trust	Beginning Net Position	Interest	(Awards)	Net Change	Ending Net Position	
Scholarships:								
Atlas scholarship	\$ 10,607	\$ 10,607	\$ 10,609	\$ 53	\$ (55)	\$ (2)	\$ 10,607	
Bailey scholarship	2,095	2,095	2,095	10	(10)		2,095	
Bradshaw scholarship	8,290	8,290	9,244	46	(1,000)	(954)	8,290	
Finocchio scholarship	7,949	7,949	7,950	40	(41)	(1)	7,949	
Fitzgerald scholarship	9,069	9,069	9,071	45	(47)	(2)	9,069	
Green scholarship	6,642	6,642	6,643	33	(34)	(1)	6,642	
Griffin scholarship	18,649	18,649	18,653	93	(97)	(4)	18,649	
Hayman scholarship	3,178	3,178	3,178	16	(16)		3,178	
Hewson scholarship	15,620	15,620	17,532	87	(2,000)	(1,913)	15,619	
Lionett scholarship	8,000	8,000	8,002	40	(42)	(2)	8,000	
Ljunberg scholarship	2,145	2,145	2,145	11	(11)		2,145	
Erickson scholarship			9,578	43	(9,621)	(9,578)		
Naroian scholarship	10,711	10,711	10,714	54	(56)	(2)	10,712	
Shilale scholarship	4,655	4,655	4,656	23	(24)	(1)	4,655	
Tarkiainen scholarship	7,285	7,285	7,280	36	(31)	5	7,285	
Thibodeau scholarship	4,422	4,422	5,677	29	(1,284)	(1,255)	4,422	
Wachusett scholarship	58,349	58,349	58,058	291		291	58,349	
Wesley scholarship	5,951	5,951	5,952	30	(31)	(1)	5,951	
White scholarship	1,152	1,152	1,152	6	(6)		1,152	
D'Errico scholarship	5,409	5,409	6,609	33	(1,233)	(1,200)	5,409	
Total scholarships	190,178	190,178	204,798	1,019	(15,639)	(14,620)	190,178	
Total Private Purpose Trust Funds	\$ 190,178	\$ 190,178	\$ 204,798	\$ 1,019	\$ (15,639)	\$ (14,620)	\$ 190,178	

See Independent Auditor's Report.

WACHUSETT REGIONAL SCHOOL DISTRICT
Combining Schedules for Fiduciary Funds- Agency Funds

Schedule 4

Schedule of Assets and Liabilities -				Schedule of Changes in Liabilities-					
Agency Funds - June 30, 2014				For year ended June 30, 2014					
	Cash	Accounts Payable	Due to Students	Beginning Balance	Increase	(Decrease)	Net Change	Ending Balance	
Student activities:									
WRHS	\$ 174,621	\$ 630	\$ 173,991	\$ 169,442	\$ 422,700	\$ (418,151)	\$ 4,549	\$ 173,991	
Dawson	1,705		1,705	689	10,189	(9,173)	1,016	1,705	
Mount View	47,913		47,913	38,918	207,531	(198,536)	8,995	47,913	
Mayo	10,197	5,664	4,533	6,449	21,038	(22,954)	(1,916)	4,533	
Davis Hill	30,345	5,455	24,890	38,641	75,704	(89,455)	(13,751)	24,890	
Paxton	38,137		38,137	39,877	103,800	(105,540)	(1,740)	38,137	
Princeton	46,500		46,500	35,369	62,339	(51,208)	11,131	46,500	
Naquag	13,861	1,189	12,672	12,313	15,035	(14,676)	359	12,672	
Central Tree	14,231		14,231	10,407	50,416	(46,592)	3,824	14,231	
Glenwood	15,074		15,074	8,583	32,867	(26,376)	6,491	15,074	
Sterling	24,113	1,865	22,248	18,261	40,730	(36,743)	3,987	22,248	
Houghton	4,879		4,879	2,552	9,136	(6,809)	2,327	4,879	
ECC	1,493		1,493	608	5,562	(4,677)	885	1,493	
Total student activities	423,069	14,803	408,266	382,109	1,057,047	(1,030,890)	26,157	408,266	
Total Student Activities	\$ 423,069	\$ 14,803	\$ 408,266	\$ 382,109	\$ 1,057,047	\$ (1,030,890)	\$ 26,157	\$ 408,266	

See Independent Auditor's Report.