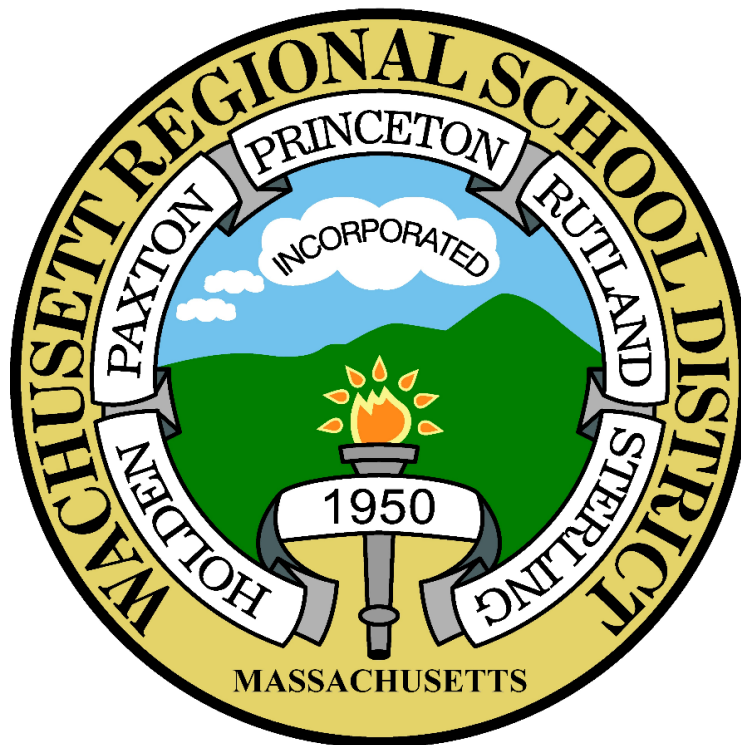


WACHUSETT REGIONAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2022



WACHUSETT REGIONAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the School Committee
Wachusett Regional School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wachusett Regional School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wachusett Regional School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marcum LLP

Greenfield, MA
December 8, 2023

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

As management of the Wachusett Regional School District (the District), we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(174,648,249), a change of \$(12,864,238) as further discussed in the Government-Wide Financial Analysis Section.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$7,368,867, a change of \$(745,558) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,944,577, a change of \$135,303 in comparison to the prior year.

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Government-Wide Financial Analysis

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

Net Position

	2022	2021
Assets		
Current assets	\$ 15,073,356	\$ 16,673,984
Capital assets	<u>60,013,904</u>	<u>62,370,479</u>
Total Assets	<u>75,087,260</u>	<u>79,044,463</u>
Deferred Outflows of Resources	<u>43,500,610</u>	<u>55,133,909</u>
Liabilities		
Current liabilities	9,869,180	10,839,623
Noncurrent liabilities	<u>218,863,180</u>	<u>264,571,948</u>
Total Liabilities	<u>228,732,360</u>	<u>275,411,571</u>
Deferred Inflows of Resources	<u>64,503,759</u>	<u>20,550,812</u>
Net Position		
Net investment in capital assets	52,634,394	52,775,541
Restricted	4,233,650	4,088,876
Unrestricted	<u>(231,516,293)</u>	<u>(218,648,428)</u>
Total Net Position	<u>\$ (174,648,249)</u>	<u>\$ (161,784,011)</u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the close of the most recent fiscal year, total net position was \$(174,648,249), a change of \$(12,864,238) in comparison to the prior year.

The largest portion of net position, \$52,634,394, reflects our investment in capital assets (e.g., land, buildings, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to individuals served by the District; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

An additional portion of net position, \$4,233,650, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(231,516,293), primarily resulting from unfunded pension and OPEB liabilities.

Change in Net Position

	2022	2021
Revenues		
Program revenues:		
Charges for services	\$ 1,347,211	\$ 500,512
Operating grants and contributions	22,901,572	31,605,274
General revenues:		
Assessments to members	71,075,025	68,741,516
Grants and contributions not restricted to specific programs	33,414,594	32,688,023
Investment income	16,991	13,337
Miscellaneous	277,695	221,665
Total Revenues	<u>129,033,088</u>	<u>133,770,327</u>
Expenses		
Administration	3,418,654	3,998,354
Instruction	102,529,094	117,449,034
Other school services	14,325,646	11,583,125
Operation and maintenance	10,039,193	9,456,448
Fixed charges	997,281	953,058
Programs with other districts	7,989,291	7,192,793
Interest on long-term debt	241,592	322,150
Depreciation	2,356,575	2,356,575
Total Expenses	<u>141,897,326</u>	<u>153,311,537</u>
Change in Net Position	(12,864,238)	(19,541,210)
Net Position - Beginning of Year	<u>(161,784,011)</u>	<u>(142,242,801)</u>
Net Position - End of Year	<u>\$ (174,648,249)</u>	<u>\$ (161,784,011)</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(12,864,238). Key elements of this change are as follows:

General Fund operations	\$ (890,332)
District-Wide Revolving Funds operations	(641,475)
Food Service Fund operations	1,526,326
Nonmajor Governmental Funds operations	(740,077)
Depreciation expense in excess of principal debt service	(361,575)
Change in net pension liability, net of deferrals	(352,920)
Change in net OPEB liability, net of deferrals	(11,122,453)
Change in financing arrangement	155,120
Change in compensated absences liability	(502,160)
Change in accrued interest liability	15,253
Other	50,055
	<u>\$ (12,864,238)</u>

Financial Analysis of the District's Funds

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

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,944,577, while total fund balance was \$3,134,650. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

General Fund	June 30, 2022	June 30, 2021	Change	% of General Fund Expenditures*
Unassigned Fund Balance	\$ 1,944,577	\$ 1,809,274	\$ 135,303	1.8%
Total Fund Balance	\$ 3,134,650	\$ 4,024,982	\$ (890,332)	3.0%

* Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$10,846,876.

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The total fund balance of the General Fund changed by \$(890,332) during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 1,181,003
Expenditures in excess of budget	(195,700)
Current year encumbrances	340,073
Prior year encumbrances	(1,265,708)
Use of excess & deficiency	<u>(950,000)</u>
	<u>\$ (890,332)</u>

General Fund Budgetary Highlights

There was no overall change in the General Fund budget; however, there were line-item transfers approved by the School Committee as needed during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets at year-end amounted to \$60,013,904 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Other than depreciation, there was no capital asset activity during the fiscal year.

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

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$7,315,441, all of which was backed by the full faith and credit of the District.

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

Requests for Information

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

Wachusett Regional School District
1745 Main Street
Jefferson, Massachusetts 01522

WACHUSETT REGIONAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and short-term investments	\$ 14,363,106
Intergovernmental receivables	710,250
Total Current Assets	<u>15,073,356</u>
Noncurrent Assets	
Capital assets:	
Nondepreciable capital assets	695,000
Other capital assets, net of accumulated depreciation	59,318,904
Total Noncurrent Assets	<u>60,013,904</u>
Total Assets	<u>75,087,260</u>
Deferred Outflows of Resources	
Related to pension	2,484,190
Related to OPEB	41,016,420
Total Deferred Outflows of Resources	<u>43,500,610</u>
Liabilities	
Current Liabilities	
Accounts payable	1,009,530
Accrued payroll and related liabilities	6,694,959
Accrued interest on bonds payable	64,636
Current portion of long-term liabilities:	
Bonds payable	2,100,055
Total Current Liabilities	<u>9,869,180</u>
Noncurrent Liabilities	
Bonds payable, net of current portion	5,215,386
Net pension liability	26,760,851
Net OPEB liability	186,143,593
Compensated absences liability	743,350
Total Noncurrent Liabilities	<u>218,863,180</u>
Total Liabilities	<u>228,732,360</u>
Deferred Inflows of Resources	
Related to pension	4,335,216
Related to OPEB	60,168,543
Total Deferred Inflows of Resources	<u>64,503,759</u>
Net Position	
Net investment in capital assets	52,634,394
Restricted for:	
Grants and other statutory restrictions	4,233,650
Unrestricted	<u>(231,516,293)</u>
Total Net Position	<u><u>\$(174,648,249)</u></u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$ 3,418,654	\$ --	\$ --	\$ (3,418,654)
Instruction	102,529,094	836,532	18,971,217	(82,721,345)
Other school services	14,325,646	510,679	3,930,355	(9,884,612)
Operation and maintenance	10,039,193	--	--	(10,039,193)
Fixed charges	997,281	--	--	(997,281)
Programs with other districts	7,989,291	--	--	(7,989,291)
Interest on long-term debt	241,592	--	--	(241,592)
Depreciation	<u>2,356,575</u>	<u>--</u>	<u>--</u>	<u>(2,356,575)</u>
Total Governmental Activities	<u>\$ 141,897,326</u>	<u>\$ 1,347,211</u>	<u>\$ 22,901,572</u>	<u>(117,648,543)</u>
General Revenues				
				71,075,025
				33,414,594
				16,991
				<u>277,695</u>
				Total General Revenues <u>104,784,305</u>
				Change in Net Position (12,864,238)
				Net Position - Beginning of Year <u>(161,784,011)</u>
				Net Position - End of Year <u>\$ (174,648,249)</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	District-Wide Revolving Funds	Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 10,662,847	\$ 2,064,966	\$ 1,549,719	\$ 85,574	\$ 14,363,106
Intergovernmental receivables	<u>1,267</u>	<u>--</u>	<u>--</u>	<u>708,983</u>	<u>710,250</u>
Total Assets	<u>\$ 10,664,114</u>	<u>\$ 2,064,966</u>	<u>\$ 1,549,719</u>	<u>\$ 794,557</u>	<u>\$ 15,073,356</u>
Liabilities					
Accounts payable	\$ 834,505	\$ 119,949	\$ --	\$ 55,076	\$ 1,009,530
Accrued payroll and related liabilities	<u>6,694,959</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,694,959</u>
Total Liabilities	<u>7,529,464</u>	<u>119,949</u>	<u>--</u>	<u>55,076</u>	<u>7,704,489</u>
Fund Balances					
Restricted	--	1,945,017	1,549,719	991,285	4,486,021
Assigned	1,190,073	--	--	--	1,190,073
Unassigned	<u>1,944,577</u>	<u>--</u>	<u>--</u>	<u>(251,804)</u>	<u>1,692,773</u>
Total Fund Balances	<u>3,134,650</u>	<u>1,945,017</u>	<u>1,549,719</u>	<u>739,481</u>	<u>7,368,867</u>
Total Liabilities and Fund Balances	<u>\$ 10,664,114</u>	<u>\$ 2,064,966</u>	<u>\$ 1,549,719</u>	<u>\$ 794,557</u>	<u>\$ 15,073,356</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

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

JUNE 30, 2022

<i>Total Governmental Fund Balances</i>	\$ 7,368,867
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	60,013,904
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	2,484,190
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	41,016,420
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(64,636)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(7,315,441)
Net pension liability	(26,760,851)
Net OPEB liability	(186,143,593)
Compensated absences liability	(743,350)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(4,335,216)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(60,168,543)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$ (174,648,249)</u></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, 2022

	General Fund	District-Wide Revolving Funds	Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Assessments to members	\$ 71,075,025	\$ --	\$ --	\$ --	\$ 71,075,025
Intergovernmental	44,261,470	4,063,910	3,930,355	3,603,541	55,859,276
Charges for services	--	171,475	219,588	956,148	1,347,211
Investment income	16,968	--	23	--	16,991
Miscellaneous	<u>277,695</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>277,695</u>
Total Revenues	<u>115,631,158</u>	<u>4,235,385</u>	<u>4,149,966</u>	<u>4,559,689</u>	<u>128,576,198</u>
Expenditures					
Current:					
Administration	2,542,472	--	--	214,852	2,757,324
Instruction	72,493,588	640,834	--	2,992,185	76,126,607
Other school services	8,726,977	--	2,623,640	1,929,455	13,280,072
Operation and maintenance	8,277,306	--	--	107,791	8,385,097
Fixed charges	18,421,776	4,206	--	55,483	18,481,465
Programs with other districts	3,757,471	4,231,820	--	--	7,989,291
Debt service:					
Principal	1,995,000	--	--	--	1,995,000
Interest	<u>306,900</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>306,900</u>
Total Expenditures	<u>116,521,490</u>	<u>4,876,860</u>	<u>2,623,640</u>	<u>5,299,766</u>	<u>129,321,756</u>
Change in Fund Balance	(890,332)	(641,475)	1,526,326	(740,077)	(745,558)
Fund Balances, at Beginning of Year					
as reclassified	<u>4,024,982</u>	<u>2,586,492</u>	<u>23,393</u>	<u>1,479,558</u>	<u>8,114,425</u>
Fund Balances, at End of Year	<u>\$ 3,134,650</u>	<u>\$ 1,945,017</u>	<u>\$ 1,549,719</u>	<u>\$ 739,481</u>	<u>\$ 7,368,867</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, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ (745,558)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Depreciation (2,356,575)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of bonds 1,995,000

Repayment of financing agreement 155,120

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension liability and related deferred outflows and inflows (352,920)

Change in net OPEB liability and related deferred outflows and inflows (11,122,453)

Change in compensated absences liability (502,160)

Other 65,308

Change in Net Position of Governmental Activities \$ (12,864,238)

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

WACHUSETT REGIONAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

JUNE 30, 2022

	Other Post- Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
Assets			
Cash and short-term investments	\$ 10,982	\$ 212,391	\$ 482,991
Liabilities			
Accounts payable	--	--	12,651
Net Position			
Restricted for OPEB purposes	10,982	--	--
Restricted for individuals and organizations	--	212,391	470,340
Total Net Position	\$ 10,982	\$ 212,391	\$ 470,340

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, 2022

	Other Post- Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
Additions			
Contributions	\$ 4,156,903	\$ --	\$ --
Investment income (loss), net	(1,854)	2,666	--
Fees collected for students	--	--	464,428
Total Additions	4,155,049	2,666	464,428
Deductions			
Benefit payments to plan members and beneficiaries	4,156,930	--	--
Awards and scholarships	--	8,862	--
Payments on behalf of students	--	--	408,218
Total Deductions	4,156,930	8,862	408,218
Change in Net Position	(1,881)	(6,196)	56,210
Restricted Net Position - Beginning of Year	12,863	218,587	414,130
Restricted Net Position - End of Year	\$ 10,982	\$ 212,391	\$ 470,340

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Wachusett Regional School District (the District) conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of significant policies of the District:

REPORTING ENTITY

The District is a municipal corporation governed by an elected Regional School Committee. As required by GAAP, these financial statements present the District and applicable component units for which the District is considered to be financially accountable. In fiscal year 2022, it was determined that no entities met the component unit requirement of GASB Statement No. 14, *The Financial Reporting Entity* (as amended).

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

Fund Financial Statements

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

The District reports the following major governmental funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *District-Wide Revolving Funds* account for various revolving funds that serve the District. This includes School Choice, which accounts for revenue from other communities whose students chose to attend the District, and Circuit Breaker, which accounts for state revenue received by the District for special education costs.
- The *Food Service Fund* accounts for revenues and expenditures related to the District's food service program.

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Fund Financial Statements (Continued)

The District reports the following fiduciary funds:

- The *Other Post-Employment Benefits Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Private Purpose Trust Funds* are used to account for trust arrangements, under which principal and investment income exclusively benefit individuals and organizations.
- The *Custodial Funds* account for fiduciary assets held by the District in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include fees collected on behalf of students.

CASH AND INVESTMENTS

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

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

The District's invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool is overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

The District does not have any additional investments.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, and machinery and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

COMPENSATED ABSENCES

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

LONG-TERM OBLIGATIONS

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

FUND EQUITY

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The District does not have any funds that meet this criterion.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes the District's grant and revolving funds and the remaining funds from bonded projects.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. The District does not have any funds that meet this criterion.
- *Assigned* represents amounts that are constrained by the District's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.
- *Unassigned* represents amounts that are available to be spent in future periods and deficit funds.

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Net Position

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

USE OF ESTIMATES

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

ASSESSMENTS OF MEMBER COMMUNITIES

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

For the year ended June 30, 2022, the assessments were as follows:

Member Community	Minimum Contribution	Contribution Outside Net Sch. Spending	Additional Contribution	Total Assessments
Holden	\$ 20,535,856	\$ 9,143,678	\$ 3,289,868	\$ 32,969,402
Paxton	4,694,011	1,801,230	661,199	7,156,440
Princeton	3,631,718	1,157,524	411,623	5,200,865
Rutland	7,671,887	4,364,593	1,608,908	13,645,388
Sterling	<u>8,512,677</u>	<u>2,634,036</u>	<u>956,217</u>	<u>12,102,930</u>
	<u>\$ 45,046,149</u>	<u>\$ 19,101,061</u>	<u>\$ 6,927,815</u>	<u>\$ 71,075,025</u>

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures overall exceeded appropriations during the current fiscal year by \$(195,700). This was subsequently funded by School Choice funds which were approved by the School Committee. Individual functions were overspent due to no budget adjustments being made at the end of fiscal year 2022.

DEFICIT FUND EQUITY

Certain individual funds reflected deficit balances as of June 30, 2022. It is anticipated that the deficits in these funds will be eliminated through future grant revenues.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the District. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's policy related to the custodial credit risk of deposits states that all deposits, to the extent allowed, shall be insured under the provisions of the Federal Deposit Insurance Corporation (FDIC) and/or the Deposit Insurance Fund of Massachusetts (DIFM). These deposits shall be secured by either a pledge of U.S. government securities; an eligible irrevocable letter of credit issued by a qualifying bank; or an eligible surety bond payable to the District for an amount at least equal to or 100% of the aggregate amount of the deposits and the agreed upon interest.

As of June 30, 2022, \$2,256,253 of the District's bank balance of \$13,104,107 was exposed to custodial credit risk as uninsured and uncollateralized. In addition, the District also had \$3,786,772 invested in MMDT, which is not subject to this disclosure.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2022.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 91,195,709	\$ --	\$ --	\$ 91,195,709
Machinery and equipment	<u>384,287</u>	<u>--</u>	<u>--</u>	<u>384,287</u>
Total Capital Assets, Being Depreciated	<u>91,579,996</u>	<u>--</u>	<u>--</u>	<u>91,579,996</u>
Less: Accumulated Depreciation For:				
Buildings and improvements	(29,731,463)	(2,290,893)	--	(32,022,356)
Machinery and equipment	<u>(173,054)</u>	<u>(65,682)</u>	<u>--</u>	<u>(238,736)</u>
Total Accumulated Depreciation	<u>(29,904,517)</u>	<u>(2,356,575)</u>	<u>--</u>	<u>(32,261,092)</u>
Capital assets, being depreciated, net	<u>61,675,479</u>	<u>(2,356,575)</u>	<u>--</u>	<u>59,318,904</u>
Capital assets, not being depreciated:				
Land	<u>695,000</u>	<u>--</u>	<u>--</u>	<u>695,000</u>
Total Capital Assets, Not Being Depreciated	<u>695,000</u>	<u>--</u>	<u>--</u>	<u>695,000</u>
Capital Assets, Net	<u>\$ 62,370,479</u>	<u>\$ (2,356,575)</u>	<u>\$ --</u>	<u>\$ 60,013,904</u>

NOTE 6 - DEFERRED OUTFLOWS OF RESOURCES

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The District issues general obligation bonds (direct placements) to provide funds for the acquisition and construction of major capital facilities. General obligation bonds outstanding were as follows:

Description	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 06/30/22
2014 State qualified refunding bonds	\$ 11,215,000	12/01/23	1.50 - 4.00%	\$ 2,605,000
2015 State qualified refunding bonds	2,155,000	07/15/24	2.00 - 4.00%	715,000
2020 General obligation refunding bonds	4,145,000	09/01/29	4.00%	3,595,000
				<u>\$ 6,915,000</u>

FUTURE DEBT SERVICE

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2022, were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,050,000	\$ 227,150	\$ 2,277,150
2024	2,115,000	146,200	2,261,200
2025	770,000	92,150	862,150
2026	515,000	68,900	583,900
2027	510,000	48,400	558,400
2028-2031	<u>955,000</u>	<u>46,300</u>	<u>1,001,300</u>
	<u>\$ 6,915,000</u>	<u>\$ 629,100</u>	<u>\$ 7,544,100</u>

The General Fund has been designated as the source to repay the outstanding debt.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - LONG-TERM DEBT (CONTINUED)

CHANGES IN GENERAL LONG-TERM LIABILITIES

During the year ended June 30, 2022, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
General obligation bonds	\$ 8,910	\$ --	\$ (1,995)	\$ 6,915	\$ (2,050)	\$ 4,865
Bond premium	450	--	(50)	400	(50)	350
Subtotal - bonds payable	9,360	--	(2,045)	7,315	(2,100)	5,215
Financing agreement	155	--	(155)	--	--	--
Net pension liability	27,489	--	(728)	26,761	--	26,761
Net OPEB liability	229,527	--	(43,383)	186,144	--	186,144
Compensated absences liability	241	502	--	743	--	743
	<u>\$ 266,772</u>	<u>\$ 502</u>	<u>\$ (46,311)</u>	<u>\$ 220,963</u>	<u>\$ (2,100)</u>	<u>\$ 218,863</u>

NOTE 8 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets by the District that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 - GOVERNMENTAL FUNDS – FUND BALANCES

The District’s fund balances at June 30, 2022 were comprised of the following:

	<u>General</u>	<u>District-Wide</u>	<u>Food</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Revolving</u>	<u>Service</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Restricted					
Bonded projects	\$ --	\$ --	\$ --	\$ 567	\$ 567
Special revenue funds:					
Food service	--	--	1,549,719	--	1,549,719
Circuit breaker	--	1,055,489	--	--	1,055,489
School choice	--	733,069	--	--	733,069
Revolving funds	--	156,459	--	433,065	589,524
Grants	--	--	--	233,720	233,720
Other	--	--	--	323,933	323,933
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Restricted	<u> </u>	<u>1,945,017</u>	<u>1,549,719</u>	<u>991,285</u>	<u>4,486,021</u>
Assigned					
Encumbrances:					
Administration	112,748	--	--	--	112,748
Instruction	8,076	--	--	--	8,076
Other school services	8,825	--	--	--	8,825
Operation and maintenance	148,553	--	--	--	148,553
Employee benefits	61,871	--	--	--	61,871
Reserve for expenditures:					
Operating budget	850,000	--	--	--	850,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assigned	<u>1,190,073</u>	<u> </u>	<u> </u>	<u> </u>	<u>1,190,073</u>
Unassigned					
General Fund	1,944,577	--	--	--	1,944,577
Deficit funds	--	--	--	(251,804)	(251,804)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Unassigned	<u>1,944,577</u>	<u> </u>	<u> </u>	<u>(251,804)</u>	<u>1,692,773</u>
Total Fund Balances	<u>\$ 3,134,650</u>	<u>\$ 1,945,017</u>	<u>\$ 1,549,719</u>	<u>\$ 739,481</u>	<u>\$ 7,368,867</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 10 - RESTRICTED NET POSITION

The accompanying financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

The District's restricted net position at June 30, 2022 was comprised of the following:

Federal grants	\$ (125,194)
State grants	107,110
Circuit breaker	1,055,489
School choice	733,069
Athletic revolving	165,529
Other revolving	589,524
School program initiative	158,404
School lunch	<u>1,549,719</u>
	<u>\$ 4,233,650</u>

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM

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

PLAN DESCRIPTION

Certain employees of the District (except teachers) are members of the Worcester Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The System provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System's Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at:

Worcester Regional Retirement System
23 Midstate Drive, Suite 106
Midstate Office Park, Auburn, Massachusetts 01501
www.worcesterregionalretirement.org

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Contributions

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

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

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

Participant Retirement Benefits

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

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits (Continued)

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

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

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

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

Methods of Payment

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

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Methods of Payment (Continued)

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

Participant Refunds

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

Employer Contributions

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

The District’s contribution to the System for the year ended June 30, 2022, was \$2,350,170, which was equal to its annual required contribution.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2022, the District reported a liability of \$26,760,851 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to the measurement date of December 31, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 3.178%, which was a decrease of (0.084%) from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$2,703,093. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ (559,699)
Changes in assumptions	2,301,104	--
Net difference between pension projected and actual pension investment earnings	--	(3,775,517)
Changes in proportion and differences between pension contributions and proportionate share of contributions	183,086	--
	<u>\$ 2,484,190</u>	<u>\$ (4,335,216)</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

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

<u>Year Ended June 30,</u>	
2023	\$ (226,527)
2024	(1,064,537)
2025	(596,370)
2026	(251,942)
2027	288,350
	<u>\$ (1,851,026)</u>

ACTUARIAL ASSUMPTIONS

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

Valuation date	January 1, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.25%
Salary increases	Group 1: 6% - 4.25%, based on service Group 4: 7% - 4.75%, based on service
Inflation	2.4% per year
Post-retirement cost-of-living adjustment	3% of \$16,000
Remaining amortization period	16 years

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled lives, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building-block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding an expected inflation rate. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	4.22%
Core fixed income	15.00%	0.70%
Value-added fixed income	8.00%	4.00%
Private equity	15.00%	7.70%
Real estate	10.00%	3.60%
Timberland	4.00%	4.20%
Portfolio completion	10.00%	3.00%
	<u>100.00%</u>	

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 33,756,804	\$ 26,760,851	\$ 20,849,433

PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 12 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

PLAN DESCRIPTION

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

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 12 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

BENEFITS PROVIDED

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

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

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

CONTRIBUTIONS

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

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 12 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

CONTRIBUTIONS (CONTINUED)

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise, the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of credible service.

ACTUARIAL ASSUMPTIONS

The net pension liability for the June 30, 2021, measurement date was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021. This valuation used the following assumptions:

- (a) 7.00% (changed from 7.15%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience, but range from 4.0% to 7.5% depending on length of service.
- Experience study is dated July 21, 2014, and encompasses the period from January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012-2020.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

TARGET ALLOCATIONS

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 12 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.30%
Private equity	13.00%	7.80%
Portfolio completion strategies	11.00%	2.90%
Real estate	10.00%	3.70%
Value added fixed income	8.00%	3.90%
Timber/natural resources	4.00%	4.30%
	100.0%	

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY ANALYSIS

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

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 29,687,706	\$ 22,706,876	\$ 16,882,184

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 12 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

SPECIAL FUNDING SITUATION

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

DISTRICT PROPORTIONS

In fiscal year 2021 (the most recent measurement period), the District's proportionate share of the MTRS' collective net pension liability was approximately \$141 million, based on a proportionate share of 0.6203%. As required by GASB 68, the District has recognized its portion of the Commonwealth of Massachusetts' contribution of approximately \$10.8 million as both revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of approximately \$11.3 million as both revenue and expense on the Statement of Activities.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS

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

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

All the following OPEB disclosures are based on a measurement date of June 30, 2022.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

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

Benefits Provided

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

Funding Policy

The District's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget authorizations.

Plan Membership

As of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	555
Active employees	<u>1,019</u>
	<u><u>1,574</u></u>

INVESTMENTS

The OPEB Trust Fund assets are not invested as of June 30, 2022, and are reported as cash and short-term investments.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

INVESTMENTS (CONTINUED)

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense was (14.56)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The net OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4%	
Municipal bond rate/discount rate	3.54%	
Healthcare cost trend rates	7.0%	for 2020 decreasing 0.4% to an ultimate rate of 4.00% as of 2075
Retiree's share of benefit-related costs	50-78%	medical
	5%	life
Participation rate	80%	medical
	85%	life

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

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

Post-retirement mortality rates for teachers are based on the PUB-2010 Teachers Headcount-Weighted Retiree Mortality Table, base year 2010, projected with generational mortality using Scale MP-2020.

Pre-retirement mortality rates for teachers are based on the PUB-2010 Teachers Headcount-Weighted Employee Mortality Table, base year 2010, projected with generational mortality using Scale MP-2020.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

TARGET ALLOCATIONS

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30.00%	4.66%
Domestic bond	25.00%	1.30%
International equity	15.00%	5.88%
Alternatives	20.00%	5.28%
International bond	10.00%	1.33%
Cash and equivalents	0.00%	0.00%
	<u>100.00%</u>	

CONTRIBUTIONS

In addition to the implicit subsidy contribution, the District's policy is to contribute amounts provided by the budget.

DISCOUNT RATE

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, the discount rate was based on the municipal bond rate of 3.54% (based on index provided by Bond Buyer 20-Bond GO on 20-year municipal bond rate as of June 30, 2022).

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

NET OPEB LIABILITY

The components of the net OPEB liability, measured as of June 30, 2022, were as follows:

Total OPEB liability	\$ 186,154,583
Plan fiduciary net position	<u>(10,990)</u>
Net OPEB liability	<u>\$ 186,143,593</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

CHANGES IN THE NET OPEB LIABILITY

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances - Beginning of Year	\$ 229,539,557	\$ 12,863	\$ 229,526,694
Changes for the year:			
Service cost	10,385,574	--	10,385,574
Interest	5,137,488	--	5,137,488
Contributions - employer	--	4,156,903	(4,156,903)
Net investment income (loss)	--	(1,873)	1,873
Changes in assumptions	(54,751,133)	--	(54,751,133)
Benefit payments	<u>(4,156,903)</u>	<u>(4,156,903)</u>	<u>--</u>
Net Changes	<u>(43,384,974)</u>	<u>(1,873)</u>	<u>(43,383,101)</u>
Balances - End of Year	<u>\$ 186,154,583</u>	<u>\$ 10,990</u>	<u>\$ 186,143,593</u>

Changes in assumptions reflect a change in the discount rate from 2.16% in fiscal year 2021 to 3.54% in fiscal year 2022.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 222,773,733	\$ 186,143,593	\$ 157,533,478

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

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

1% Decrease (6% Year 1 Decreasing to 3%)	Current Healthcare Cost Trend Rates (7% Year 1 Decreasing to 4%)	1% Increase (8% Year 1 Decreasing to 5%)
\$ 152,155,232	\$ 186,143,593	\$ 231,228,986

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$15,279,356. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ (7,510,251)
Change in assumptions	41,015,031	(52,658,292)
Net difference between projected and actual earnings on OPEB investment	1,389	--
	\$ 41,016,420	\$ (60,168,543)

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

Year Ended June 30:

2023	\$ (243,006)
2024	(60,413)
2025	(474,441)
2026	(5,771,601)
2027	(9,503,543)
Thereafter	(3,099,119)
	\$ (19,152,123)

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 14 - COMMITMENTS AND CONTINGENCIES

OUTSTANDING LEGAL ISSUES

On an ongoing basis, there are typically pending legal issues in which the District is involved. The District's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

GRANTS

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

ENCUMBRANCES

At year-end, the District's General Fund had \$340,073 in encumbrances that will be honored in the next fiscal year.

NOTE 15 - BEGINNING FUND BALANCE RECLASSIFICATION

The District's major governmental funds for fiscal year 2022, as defined by Governmental Accounting Boards Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Balance June 30, 2021 (as previously reported)	Reclassification	Fund Balance June 30, 2021 (as reclassified)
Nonmajor governmental funds	\$ 1,502,951	\$ (23,393)	\$ 1,479,558
Food Service Fund	<u> --</u>	<u> 23,393</u>	<u> 23,393</u>
	<u>\$ 1,502,951</u>	<u>\$ --</u>	<u>\$ 1,502,951</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 8, 2023, which is the date the financial statements were available to be issued.

DEBT

Subsequent to June 30, 2022, the District incurred the following additional debt:

<u>Purpose</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Financing agreement - chromebooks	\$ <u>175,700</u>	5.20%	08/01/22	08/01/24

NOTE 17 - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 101, *Compensated Absences*, effective for the District beginning with its fiscal year ending June 30, 2025. This statement establishes new reporting and disclosure requirements, including removing the requirement that compensated absences are only recognized as a liability when fully vested. Management has not evaluated the effect this statement will have on the financial statements.

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL – GENERAL FUND (Unaudited)

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Assessments to members	\$ 71,075,025	\$ 71,075,025	\$ 71,075,025	\$ --
Intergovernmental	32,253,254	32,253,254	33,414,594	1,161,340
Investment income	50,000	50,000	16,968	(33,032)
Miscellaneous	<u>225,000</u>	<u>225,000</u>	<u>277,695</u>	<u>52,695</u>
Total Revenues	<u>103,603,279</u>	<u>103,603,279</u>	<u>104,784,282</u>	<u>1,181,003</u>
Expenditures				
Administration	2,330,966	2,330,966	2,584,264	(253,298)
Instruction	61,320,654	61,321,515	60,879,342	442,173
Other school services	8,358,766	8,357,905	8,658,884	(300,979)
Operation and maintenance	7,794,607	7,794,607	8,093,963	(299,356)
Fixed charges	1,076,282	1,076,282	929,488	146,794
Employee benefits	17,126,047	17,126,047	17,546,055	(420,008)
Programs with other districts	4,244,057	4,244,057	3,755,083	488,974
Debt service	<u>2,301,900</u>	<u>2,301,900</u>	<u>2,301,900</u>	<u>--</u>
Total Expenditures	<u>104,553,279</u>	<u>104,553,279</u>	<u>104,748,979</u>	<u>(195,700)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(950,000)</u>	<u>(950,000)</u>	<u>35,303</u>	<u>985,303</u>
Other Financing (Uses)				
Use of excess and deficiency:				
Operating budget	<u>950,000</u>	<u>950,000</u>	<u>--</u>	<u>(950,000)</u>
Total Other Financing (Uses)	<u>950,000</u>	<u>950,000</u>	<u>--</u>	<u>(950,000)</u>
Overall Budgetary Excess	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 35,303</u>	<u>\$ 35,303</u>

See independent auditors' report and notes to required supplementary information.

WACHUSETT REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR GENERAL FUND BUDGET

FOR THE YEAR ENDED JUNE 30, 2022

BUDGETARY BASIS

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

BUDGET/GAAP RECONCILIATION

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

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

	Revenues	Expenditures
GAAP Basis	\$ 115,631,158	\$ 116,521,490
Add end-of-year appropriation carryforwards from expenditures	--	340,073
Reverse prior year appropriation carryforwards from expenditures	--	(1,265,708)
Reverse the effect of non- budgeted State contributions	(10,846,876)	(10,846,876)
Budgetary Basis	\$ 104,784,282	\$ 104,748,979

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Unaudited)

Worcester Regional Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability			
June 30, 2022	December 30, 2021	3.18%	\$ 26,760,851	\$ 11,100,577	241.1%	56.2%			
June 30, 2021	December 30, 2020	3.09%	\$ 27,488,623	\$ 12,322,363	223.1%	50.3%			
June 30, 2020	December 30, 2019	3.09%	\$ 27,581,353	\$ 12,057,098	228.8%	47.4%			
June 30, 2019	December 31, 2018	3.28%	\$ 29,739,068	\$ 9,287,357	320.2%	43.1%			
June 30, 2018	December 31, 2017	3.32%	\$ 27,047,828	\$ 11,159,876	242.4%	46.4%			
June 30, 2017	December 31, 2016	2.94%	\$ 24,584,493	\$ 12,325,281	199.5%	42.0%			
June 30, 2016	December 31, 2015	3.02%	\$ 21,453,126	\$ 10,975,602	195.5%	44.5%			
June 30, 2015	December 31, 2014	3.29%	\$ 19,556,058	\$ 10,553,463	185.3%	47.9%			

Massachusetts Teachers' Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the District	Total Net Pension Liability Associated with the District	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability	
June 30, 2022	June 30, 2021	0.620359%	\$ --	\$ 140,864,205	\$ 140,864,205	\$ 48,114,969	\$ --	--	62.03%
June 30, 2021	June 30, 2020	0.637158%	\$ --	\$ 181,875,645	\$ 181,875,645	\$ 48,275,977	\$ --	--	50.67%
June 30, 2020	June 30, 2019	0.636995%	\$ --	\$ 160,612,146	\$ 160,612,146	\$ 46,355,069	\$ --	--	53.95%
June 30, 2019	June 30, 2018	0.632140%	\$ --	\$ 149,888,653	\$ 149,888,653	\$ 44,394,345	\$ --	--	54.84%
June 30, 2018	June 30, 2017	0.664017%	\$ --	\$ 151,962,838	\$ 151,962,838	\$ 44,800,000	\$ --	--	54.25%
June 30, 2017	June 30, 2016	0.645695%	\$ --	\$ 144,361,094	\$ 131,776,121	\$ 44,800,000	\$ --	--	52.73%
June 30, 2016	June 30, 2015	0.643135%	\$ --	\$ 131,776,121	\$ 131,776,121	\$ 41,000,000	\$ --	--	55.38%
June 30, 2015	June 30, 2014	0.652099%	\$ --	\$ 103,660,015	\$ 103,660,015	\$ 40,000,000	\$ --	--	61.64%

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

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

See independent auditors' report.

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

Worcester Regional Retirement System						
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	December 30, 2021	\$ 2,350,170	\$ 2,350,170	\$ --	\$ 11,100,577	21%
June 30, 2021	December 30, 2020	\$ 2,081,419	\$ 2,081,419	\$ --	\$ 12,322,363	17%
June 30, 2020	December 30, 2019	\$ 1,886,660	\$ 1,886,660	\$ --	\$ 12,057,098	16%
June 30, 2019	December 31, 2018	\$ 1,825,956	\$ 1,825,956	\$ --	\$ 9,287,357	20%
June 30, 2018	December 31, 2017	\$ 1,678,385	\$ 1,678,385	\$ --	\$ 11,159,876	15%
June 30, 2017	December 31, 2016	\$ 1,425,736	\$ 1,425,736	\$ --	\$ 12,325,281	12%
June 30, 2016	December 31, 2015	\$ 1,359,653	\$ 1,359,653	\$ --	\$ 10,975,602	12%
June 30, 2015	December 31, 2014	\$ 1,298,737	\$ 1,298,737	\$ --	\$ 10,553,463	12%

Massachusetts Teachers' Retirement System						
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	June 30, 2021	\$ 10,846,876	\$ 10,846,876	\$ --	\$ 48,114,969	23%
June 30, 2021	June 30, 2020	\$ 9,897,817	\$ 9,897,817	\$ --	\$ 48,275,977	21%
June 30, 2020	June 30, 2019	\$ 9,196,366	\$ 9,196,366	\$ --	\$ 46,355,069	20%
June 30, 2019	June 30, 2018	\$ 8,311,275	\$ 8,311,275	\$ --	\$ 44,394,345	19%
June 30, 2018	June 30, 2017	\$ 8,204,027	\$ 8,204,027	\$ --	\$ 44,800,000	18%
June 30, 2017	June 30, 2016	\$ 7,261,380	\$ 7,261,380	\$ --	\$ 44,800,000	16%
June 30, 2016	June 30, 2015	\$ 6,572,392	\$ 6,572,392	\$ --	\$ 41,000,000	16%
June 30, 2015	June 30, 2014	\$ 6,112,644	\$ 6,112,644	\$ --	\$ 40,000,000	15%

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WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (Unaudited)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 10,385,574	\$ 11,550,762	\$ 7,699,603	\$ 7,253,067	\$ 7,593,739	\$ 9,091,033
Interest	5,137,488	5,347,064	6,270,516	5,463,387	4,989,178	4,278,911
Changes in benefit terms	--	--	(2,916,365)	--	--	--
Difference between expected and actual experience	--	(9,173,084)	--	(3,038,565)	--	--
Change in assumptions	(54,751,133)	(6,636,386)	51,603,221	31,217,352	(7,338,921)	(19,679,264)
Benefit payments, including refunds of member contributions	(4,156,903)	(3,893,247)	(3,541,068)	(3,172,824)	(3,013,387)	(2,922,743)
Net Change in Total OPEB Liability	(43,384,974)	(2,804,891)	59,115,907	37,722,417	2,230,609	(9,232,063)
Total OPEB Liability - Beginning	<u>229,539,557</u>	<u>232,344,448</u>	<u>173,228,541</u>	<u>135,506,124</u>	<u>133,275,515</u>	<u>142,507,578</u>
Total OPEB Liability - Ending (a)	<u>186,154,583</u>	<u>229,539,557</u>	<u>232,344,448</u>	<u>173,228,541</u>	<u>135,506,124</u>	<u>133,275,515</u>
Plan Fiduciary Net Position						
Contributions - employer	4,156,903	3,893,247	3,541,068	3,172,824	3,023,387	2,922,743
Net investment income (loss)	(1,873)	2,461	69	358	19	--
Benefit payments, including refunds of member contributions	(4,156,903)	(3,893,291)	(3,541,068)	(3,172,824)	(3,013,387)	(2,922,743)
Net Change in Plan Fiduciary Net Position	(1,873)	2,417	69	358	10,019	--
Plan Fiduciary Net Position - Beginning	<u>12,863</u>	<u>10,446</u>	<u>10,377</u>	<u>10,019</u>	<u>--</u>	<u>--</u>
Plan Fiduciary Net Position - Ending (b)	<u>10,990</u>	<u>12,863</u>	<u>10,446</u>	<u>10,377</u>	<u>10,019</u>	<u>--</u>
Net OPEB Liability - Ending (a-b)	<u>\$ 186,143,593</u>	<u>\$ 229,526,694</u>	<u>\$ 232,334,002</u>	<u>\$ 173,218,164</u>	<u>\$ 135,496,105</u>	<u>\$ 133,275,515</u>

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

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See independent auditors' report.

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS

(Unaudited)

	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability						
Total OPEB liability	\$ 186,154,583	\$ 229,539,557	\$ 232,344,448	\$ 173,228,541	\$ 135,506,124	\$ 133,275,515
Plan fiduciary net position	<u>(10,990)</u>	<u>(12,863)</u>	<u>(10,446)</u>	<u>(10,377)</u>	<u>(10,019)</u>	<u>--</u>
Net OPEB liability	<u>\$ 186,143,593</u>	<u>\$ 229,526,694</u>	<u>\$ 232,334,002</u>	<u>\$ 173,218,164</u>	<u>\$ 135,496,105</u>	<u>\$ 133,275,515</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	0.01%	0.00%	0.01%	0.01%	0.00%
Schedule of Contributions						
Actuarially determined contribution	\$ 21,087,313	\$ 22,483,578	\$ 17,385,098	\$ 15,245,531	\$ 15,185,148	\$ 13,378,565
Contributions in relation to the actuarially determined contribution	<u>(4,156,903)</u>	<u>(3,893,247)</u>	<u>(3,541,068)</u>	<u>(3,172,824)</u>	<u>(3,023,387)</u>	<u>(2,922,743)</u>
Contribution deficiency (excess)	<u>\$ 16,930,410</u>	<u>\$ 18,590,331</u>	<u>\$ 13,844,030</u>	<u>\$ 12,072,707</u>	<u>\$ 12,161,761</u>	<u>\$ 10,455,822</u>
Schedule of Investment Returns						
Annual money weighted rate of return, net of investment expense	-14.56%	23.14%	0.66%	3.57%	Unavailable	Unavailable

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