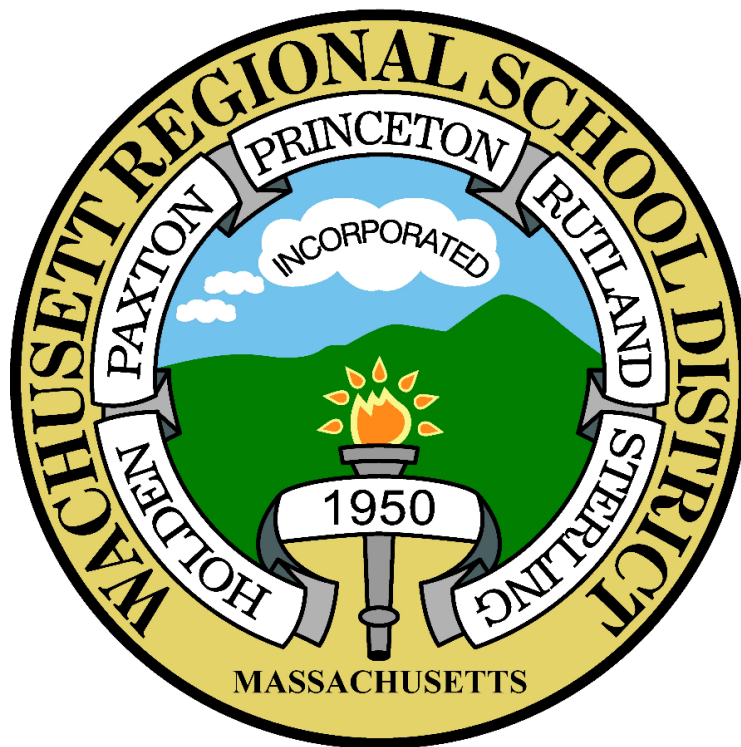


WACHUSETT REGIONAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025



WACHUSETT REGIONAL SCHOOL DISTRICT

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Independent Auditors' Report

To the School Committee
Wachusett Regional School District
Jefferson, MA

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, 2025, 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, 2025, 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* ("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.

Emphasis of Matter

As discussed in Note 1 and 16 to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2026, 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.

CBIZ CPAs P.C.

Greenfield, MA
March 19, 2026

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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, 2025.

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, 2025

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 \$(199,675,571), a change of \$(6,068,559) from the restated prior year, 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 \$12,747,136, a change of \$2,423,384 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,118,640, a change of \$1,214,693 in comparison to the prior year.

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Government-Wide Financial Analysis

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

Summary of Net Position

	2025	Restated 2024
Assets		
Current assets	\$ 22,395,721	\$ 17,954,982
Noncurrent assets	<u>54,066,611</u>	<u>55,578,839</u>
Total Assets	<u>76,462,332</u>	<u>73,533,821</u>
Deferred Outflows of Resources	<u>22,140,539</u>	<u>23,071,138</u>
Liabilities		
Current liabilities	10,213,640	8,509,800
Noncurrent liabilities	<u>244,783,625</u>	<u>230,692,506</u>
Total Liabilities	<u>254,997,265</u>	<u>239,202,306</u>
Deferred Inflows of Resources	<u>43,281,177</u>	<u>51,009,665</u>
Net Position		
Net investment in capital assets	51,836,902	52,470,560
Restricted	7,698,636	7,218,403
Unrestricted	<u>(259,211,109)</u>	<u>(253,295,975)</u>
Total Net Position	<u><u>\$ (199,675,571)</u></u>	<u><u>\$ (193,607,012)</u></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 \$(199,675,571), a change of \$(6,068,559) in comparison to the restated prior year.

The largest portion of net position, \$51,836,902, 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, 2025

An additional portion of net position, \$7,698,636, 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 \$(259,211,109), primarily resulting from unfunded pension and OPEB liabilities.

Summary of Change in Net Position

	2025	Restated 2024
Revenues		
Program revenues		
Charges for services	\$ 1,313,307	\$ 1,331,479
Operating grants and contributions	25,940,876	30,005,165
General revenues		
Assessments to members	81,061,488	76,860,544
Grants and contributions not restricted to specific programs	41,165,165	39,315,098
Investment income	722,089	672,746
Miscellaneous	587,752	357,760
Total Revenues	<u>150,790,677</u>	<u>148,542,792</u>
Expenses		
Administration	4,292,683	4,252,897
Instruction	108,660,056	111,838,530
Other school services	19,631,380	17,737,821
Operation and maintenance	10,703,359	9,652,332
Fixed charges	942,368	1,086,116
Programs with other districts	10,148,514	10,388,874
Acquisition	--	18,227
Interest on long-term debt	42,095	96,145
Depreciation	2,438,781	2,390,529
Total Expenses	<u>156,859,236</u>	<u>157,461,471</u>
Change in Net Position	(6,068,559)	(8,918,679)
Net Position - Beginning of Year, as Restated	<u>(193,607,012)</u>	<u>(184,688,333)</u>
Net Position - End of Year	<u>\$ (199,675,571)</u>	<u>\$ (193,607,012)</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(6,068,559). Key elements of this change are as follows:

General Fund operations	\$ 1,776,980
District-Wide revolving funds operations	1,976,200
Nonmajor governmental funds operations	(1,329,796)
Depreciation expense in excess of principal debt service	(1,668,781)
Repayment of loans	58,515
Capital outlay	926,553
Change in net pension liability, net of deferrals	(113,619)
Change in net OPEB liability, net of deferrals	(7,476,521)
Change in compensated absences liability	(268,145)
Other	50,055
	<u>\$ (6,068,559)</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 \$4,118,640, while total fund balance was \$5,047,933. 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, 2025	June 30, 2024	Change	% of General Fund Expenditures*
Unassigned Fund Balance	\$ 4,118,640	\$ 2,903,947	\$ 1,214,693	3.4%
Total Fund Balance	\$ 5,047,933	\$ 3,270,953	\$ 1,776,980	4.1%

*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 \$14,617,242.

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

The total fund balance of the General Fund changed by \$1,776,980 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 1,557,000
Expenditures less than budget	157,693
Current year encumbrances	429,293
Prior year encumbrances	<u>(367,006)</u>
	<u>\$ 1,776,980</u>

District-Wide Revolving Funds

The fund balance of the district-wide revolving funds changed by \$1,976,200, primarily from an increase in circuit breaker and school choice funds.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$(1,329,796), primarily from transportation revolving and food service expenditures exceeding the program revenues.

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 \$54,066,611 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Current year depreciation expense of \$(2,438,781).
- High school paging system of \$253,042.
- Auditorium sound system of \$82,583.
- Auto shop repairs of \$190,638.
- Early childhood center/central office roof repairs of \$241,970.
- Generator construction in progress of \$158,320.

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

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$2,230,276, all of which was backed by the full faith and credit of the District. Debt and financing agreement payments for the fiscal year totaled \$828,515.

Additional information on long-term debt can be found in the Notes to 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, 2025

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 19,528,985
Intergovernmental receivables	2,866,736
Total Current Assets	<u>22,395,721</u>
Noncurrent Assets	
Capital assets:	
Nondepreciable capital assets	853,320
Other capital assets, net of accumulated depreciation	53,213,291
Total Noncurrent Assets	<u>54,066,611</u>
Total Assets	<u>76,462,332</u>
Deferred Outflows of Resources	
Related to pension	3,502,206
Related to OPEB	18,638,333
Total Deferred Outflows of Resources	<u>22,140,539</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2025

	Governmental Activities
Liabilities	
Current Liabilities	
Accounts payable	581,719
Accrued payroll and related liabilities	9,066,866
Current portion of long-term liabilities:	
Bonds loans payable	565,055
Total Current Liabilities	<u>10,213,640</u>
Noncurrent Liabilities	
Bonds payable, net of current portion	1,665,221
Net pension liability	32,479,385
Net OPEB liability	205,384,052
Compensated absences liability	5,254,967
Total Noncurrent Liabilities	<u>244,783,625</u>
Total Liabilities	<u>254,997,265</u>
Deferred Inflows of Resources	
Related to pension	1,141,958
Related to OPEB	42,139,219
Total Deferred Inflows of Resources	<u>43,281,177</u>
Net Position	
Net investment in capital assets	51,836,902
Restricted for:	
Grants and other statutory restrictions	7,698,636
Unrestricted	(259,211,109)
Total Net Position	<u>\$ (199,675,571)</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, 2025

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$ 4,292,683	\$ --	\$ --	\$ (4,292,683)
Instruction	108,660,056	761,849	21,478,536	(86,419,671)
Other school services	19,631,380	551,458	4,462,340	(14,617,582)
Operation and maintenance	10,703,359	--	--	(10,703,359)
Fixed charges	942,368	--	--	(942,368)
Programs with other districts	10,148,514	--	--	(10,148,514)
Interest on long-term debt	42,095	--	--	(42,095)
Depreciation	2,438,781	--	--	(2,438,781)
Total Governmental Activities	<u>\$ 156,859,236</u>	<u>\$ 1,313,307</u>	<u>\$ 25,940,876</u>	(129,605,053)
General Revenues				
Assessments to members				81,061,488
Grants and contributions not restricted to specific programs				41,165,165
Investment income				722,089
Miscellaneous				587,752
Total General Revenues				<u>123,536,494</u>
Change in Net Position				(6,068,559)
Net Position - Beginning of Year, as Previously Reported				(189,250,219)
Adoption of GASB Statement No. 101 (Note 15)				<u>(4,356,793)</u>
Net Position - Beginning of Year, as Restated				<u>(193,607,012)</u>
Net Position - End of Year				<u>\$ (199,675,571)</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	District-Wide Revolving Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,176,062	\$ 4,530,888	\$ 1,822,035	\$ 19,528,985
Intergovernmental receivables	<u>1,458,363</u>	<u>468,230</u>	<u>940,143</u>	<u>2,866,736</u>
Total Assets	<u><u>\$ 14,634,425</u></u>	<u><u>\$ 4,999,118</u></u>	<u><u>\$ 2,762,178</u></u>	<u><u>\$ 22,395,721</u></u>
Liabilities				
Accounts payable	\$ 519,626	\$ 23,096	\$ 38,997	\$ 581,719
Accrued payroll and related liabilities	<u>9,066,866</u>	<u>--</u>	<u>--</u>	<u>9,066,866</u>
Total Liabilities	<u><u>9,586,492</u></u>	<u><u>23,096</u></u>	<u><u>38,997</u></u>	<u><u>9,648,585</u></u>
Fund Balances				
Restricted	--	4,976,022	2,723,181	7,699,203
Assigned	929,293	--	--	929,293
Unassigned	<u>4,118,640</u>	<u>--</u>	<u>--</u>	<u>4,118,640</u>
Total Fund Balances	<u><u>5,047,933</u></u>	<u><u>4,976,022</u></u>	<u><u>2,723,181</u></u>	<u><u>12,747,136</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 14,634,425</u></u>	<u><u>\$ 4,999,118</u></u>	<u><u>\$ 2,762,178</u></u>	<u><u>\$ 22,395,721</u></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, 2025

<i>Total Governmental Fund Balances</i>	\$ 12,747,136
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	54,066,611
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	3,502,206
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	18,638,333
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(2,230,276)
Net pension liability	(32,479,385)
Net OPEB liability	(205,384,052)
Compensated absences liability	(5,254,967)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(1,141,958)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(42,139,219)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$ (199,675,571)</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, 2025

	General Fund	District-Wide Revolving Funds	Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Assessments to members	\$ 81,061,488	\$ --	\$ --	\$ --	\$ 81,061,488
Intergovernmental	55,782,407	5,851,871	--	7,434,225	69,068,503
Charges for services	--	131,907	--	1,181,400	1,313,307
Investment income	721,882	--	--	207	722,089
Miscellaneous	587,752	--	--	--	587,752
Total Revenues	<u>138,153,529</u>	<u>5,983,778</u>	<u>--</u>	<u>8,615,832</u>	<u>152,753,139</u>
Expenditures					
Current					
Administration	3,349,048	--	--	53,064	3,402,112
Instruction	82,246,346	129,837	--	2,670,393	85,046,576
Other school services	11,354,343	--	--	7,151,741	18,506,084
Operation and maintenance	8,970,147	--	--	70,430	9,040,577
Fixed charges	22,395,935	1,254	--	--	22,397,189
Programs with other districts	6,272,027	3,876,487	--	--	10,148,514
Acquisition	926,553	--	--	--	926,553
Debt service					
Principal	770,000	--	--	--	770,000
Interest	92,150	--	--	--	92,150
Total Expenditures	<u>136,376,549</u>	<u>4,007,578</u>	<u>--</u>	<u>9,945,628</u>	<u>150,329,755</u>
Change in Fund Balance	<u>1,776,980</u>	<u>1,976,200</u>	<u>--</u>	<u>(1,329,796)</u>	<u>2,423,384</u>
Fund Balances , at Beginning of Year as Previously Presented	3,270,953	2,999,822	2,285,271	1,767,706	10,323,752
Change within Financial Reporting Entity, (Major to Nonmajor Fund)	--	--	(2,285,271)	2,285,271	--
Fund Balances , at Beginning of Year as Adjusted	<u>3,270,953</u>	<u>2,999,822</u>	<u>--</u>	<u>4,052,977</u>	<u>10,323,752</u>
Fund Balances , at End of Year	<u>\$ 5,047,933</u>	<u>\$ 4,976,022</u>	<u>\$ --</u>	<u>\$ 2,723,181</u>	<u>\$ 12,747,136</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, 2025

Net Changes in Fund Balances - Total Governmental Funds \$ 2,423,384

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

Capital outlay	926,553
Depreciation	(2,438,781)

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	770,000
Repayment of loans	58,515

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	(113,619)
Change in net OPEB liability and related deferred outflows and inflows	(7,476,521)
Change in compensated absences liability	(268,145)
Other	<u>50,055</u>

Change in Net Position of Governmental Activities \$ (6,068,559)

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

WACHUSETT REGIONAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

JUNE 30, 2025

	Other Post- Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
<hr/>			
Assets			
Cash and cash equivalents	\$ 14,281	\$ 208,748	\$ 596,220
Liabilities			
Accounts payable	--	2,729	29,960
Net Position			
Restricted for OPEB purposes	14,281	--	--
Restricted for individuals and organizations	--	206,019	566,260
Total Net Position	<u>\$ 14,281</u>	<u>\$ 206,019</u>	<u>\$ 566,260</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Other Post- Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
Additions			
Contributions	\$ 5,395,367	\$ --	\$ --
Investment income, net	1,248	10,796	--
Fees collected for students	--	--	665,751
Total Additions	<u>5,396,615</u>	<u>10,796</u>	<u>665,751</u>
Deductions			
Benefit payments to plan members and beneficiaries	5,395,367	--	--
Awards and scholarships	--	10,437	--
Payments on behalf of students	--	--	626,847
Total Deductions	<u>5,395,367</u>	<u>10,437</u>	<u>626,847</u>
Change in Net Position	1,248	359	38,904
Restricted Net Position - Beginning of Year	<u>13,033</u>	<u>205,660</u>	<u>527,356</u>
Restricted Net Position - End of Year	<u><u>\$ 14,281</u></u>	<u><u>\$ 206,019</u></u>	<u><u>\$ 566,260</u></u>

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, 2025

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 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 2025, it was determined that no entities met the component unit requirements 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, 2025

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.

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 (sixty days). 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 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, 2025

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 CASH EQUIVALENTS

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 cash equivalents."

The District's invests in the Massachusetts Municipal Depository Trust ("MMDT") Cash Portfolio, an external investment pool that 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.

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. The District reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

appropriately reflected in the financial statements. There was no impairment loss recorded during the fiscal year.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 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. 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. All accumulated leave is accrued when incurred in the government-wide financial statements, where required in accordance with GASB Statement No. 101, *Compensated Absences*.

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 BALANCE/NET POSITION

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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School Committee, 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 that have been established by various District departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.
- *Unassigned* represents amounts that are available to be spent in future periods and deficit funds. The General Fund is the only fund that reports a positive unassigned fund balance.

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

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding 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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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 ("MGL").

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

ASSESSMENTS TO 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, 2025, the assessments were as follows:

Member Community	Minimum Contribution	Contribution Outside Net Sch. Spending	Additional Contribution	Total Assessments
Holden	\$ 23,138,149	\$ 10,539,702	\$ 3,579,109	\$ 37,256,960
Paxton	4,997,947	2,039,727	702,662	7,740,336
Princeton	4,223,361	1,388,797	462,456	6,074,614
Rutland	9,185,650	5,412,520	1,834,328	16,432,498
Sterling	9,647,652	2,911,347	998,081	13,557,080
	<u>\$ 51,192,759</u>	<u>\$ 22,292,093</u>	<u>\$ 7,576,636</u>	<u>\$ 81,061,488</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 - DEPOSITS

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, and 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 MMDT. MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by 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. The pool is not SEC registered and the fair value of the position in the pool is the same as the value of the pool shares. 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, 2025, none of the District's bank balance of \$9,738,693 was exposed to custodial credit risk as uninsured and uncollateralized. In addition, the District also had \$13,040,727 invested in MMDT, which is not subject to this disclosure.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

The balance represents reimbursement requested from federal and state agencies for expenditures incurrent in fiscal year 2025.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 91,535,248	\$ 432,608	\$ --	\$ 91,967,856
Machinery and equipment	<u>384,287</u>	<u>335,625</u>	<u>--</u>	<u>719,912</u>
Total Capital Assets, Being Depreciated	<u>91,919,535</u>	<u>768,233</u>	<u>--</u>	<u>92,687,768</u>
Less: Accumulated Depreciation For				
Buildings and improvements	(36,665,596)	(2,368,108)	--	(39,033,704)
Machinery and equipment	<u>(370,100)</u>	<u>(70,673)</u>	<u>--</u>	<u>(440,773)</u>
Total Accumulated Depreciation	<u>(37,035,696)</u>	<u>(2,438,781)</u>	<u>--</u>	<u>(39,474,477)</u>
Capital Assets, Being Depreciated, Net	<u>54,883,839</u>	<u>(1,670,548)</u>	<u>--</u>	<u>53,213,291</u>
Capital Assets, Not Being Depreciated				
Land	695,000	--	--	695,000
Construction in progress (CIP)	<u>--</u>	<u>158,320</u>	<u>--</u>	<u>158,320</u>
Total Capital Assets, Not Being Depreciated	<u>695,000</u>	<u>158,320</u>	<u>--</u>	<u>853,320</u>
Capital Assets, Net	<u>\$ 55,578,839</u>	<u>\$ (1,512,228)</u>	<u>\$ --</u>	<u>\$ 54,066,611</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, 2025

NOTE 7 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The District has issued a general obligation bond (direct placements) to provide funds for the school improvements. The general obligation bond outstanding was as follows:

Purpose	Original Issue	Serial Maturities Through	Interest Rate %	Amount Outstanding as of 06/30/25
General Obligation Bonds - Direct Placements:				
School improvements (2020 refunding bonds)	\$ 4,145,000	09/01/29	4.00%	<u>\$ 1,980,000</u>

FUTURE DEBT SERVICE

The annual payments to retire the general obligation long-term debt outstanding as of June 30, 2025, were as follows:

Fiscal Year	Bonds- Direct Placement	
	Principal	Interest
2026	\$ 515,000	\$ 68,900
2027	510,000	48,400
2028	410,000	30,000
2029	410,000	13,600
2030	<u>135,000</u>	<u>2,700</u>
	<u>\$ 1,980,000</u>	<u>\$ 163,600</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

CHANGES IN GENERAL LONG-TERM LIABILITIES

During the year ended June 30, 2025, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Restatement	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
General obligation bonds	\$ 2,750	\$ --	\$ --	\$ (770)	\$ 1,980	\$ (515)	\$ 1,465
Bond premium	300	--	--	(50)	250	(50)	200
Loans payable	59	--	--	(59)	--	--	--
Subtotal - bonds payable	3,109	--	--	(879)	2,230	(565)	1,665
Net pension liability	32,138	--	341	--	32,479	--	32,479
Net OPEB liability	191,337	--	14,047	--	205,384	--	205,384
Compensated absences liability	630	4,357	268	--	5,255	--	5,255
	<u>\$ 227,214</u>	<u>\$ 4,357</u>	<u>\$ 14,656</u>	<u>\$ (879)</u>	<u>\$ 245,348</u>	<u>\$ (565)</u>	<u>\$ 244,783</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. 68 and 75, will be recognized as revenue 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, 2025

NOTE 9 - GOVERNMENTAL FUNDS – FUND BALANCES

The District's fund balances at June 30, 2025 were comprised of the following:

	General Fund	District-Wide Revolving Funds	Nonmajor Governmental Funds	Total Governmental Funds
Restricted				
Bonded projects	\$ --	\$ --	\$ 567	\$ 567
Special revenue funds				
Food service	--	--	1,674,388	1,674,388
Circuit breaker	--	3,803,283	--	3,803,283
School choice	--	955,268	--	955,268
Revolving funds	--	217,471	815,744	1,033,215
Grants	--	--	55,951	55,951
Other	--	--	176,531	176,531
Total Restricted	--	4,976,022	2,723,181	7,699,203
Assigned				
Encumbrances				
Administration	4,168	--	--	4,168
Instruction	33,803	--	--	33,803
Other school services	143,937	--	--	143,937
Operation and maintenance	146,059	--	--	146,059
Fixed charges	536	--	--	536
Employee benefits	87,268	--	--	87,268
Intergovernmental	13,522	--	--	13,522
Reserved for operating budget	500,000	--	--	500,000
Total Assigned	929,293	--	--	929,293
Unassigned				
General Fund	4,118,640	--	--	4,118,640
Total Unassigned	4,118,640	--	--	4,118,640
Total Fund Balances	\$ 5,047,933	\$ 4,976,022	\$ 2,723,181	\$ 12,747,136

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - 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 MGL 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

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.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of MGL. 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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

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, they 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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.
- 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, $\frac{2}{3}$ 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%.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025, was \$3,005,803, which was equal to its annual required contribution.

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 the 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 PENSION

At June 30, 2025, the District reported a liability of \$32,479,385 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024, rolled forward to December 31, 2024. 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, 2025, the District's proportion was 3.056%, which was a decrease of (0.013%) from its proportion measured as of December 31, 2023.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

For the year ended June 30, 2025, the District recognized pension expense of \$3,119,425. 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	\$ 1,421,792	\$ (417,623)
Changes in assumptions	1,217,386	--
Net difference between pension projected and actual pension investment earnings	636,263	--
Changes in proportion and differences between pension contributions and proportionate share of contributions	<u>226,765</u>	<u>(724,335)</u>
	<u>\$ 3,502,206</u>	<u>\$ (1,141,958)</u>

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

Year Ended June 30,	Amount
2026	\$ 827,763
2027	1,346,113
2028	(97,225)
2029	163,309
2030	<u>120,288</u>
	<u>\$ 2,360,248</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2024
Actuarial cost method	Entry age normal
Actuarial assumptions	
Discount rate/investment rate of return	7.125%
Salary increases	Group 1: 6% - 4.25%, based on service Group 4: 7% - 4.75%, based on service
Inflation	2.5% per year
Post-retirement cost-of-living adjustment	3% of \$16,000
Remaining amortization period	12 years

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021. 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-2021.

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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2024 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	36.00%	4.61%
Core fixed income	15.00%	2.60%
Value-added fixed income	9.00%	5.30%
Private equity	16.00%	7.80%
Real estate	10.00%	4.10%
Timberland	4.00%	4.10%
Portfolio completion	10.00%	4.10%
	<u>100.00%</u>	

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.125%. 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, 2025

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 7.125%, 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 (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
\$ 40,327,662	\$ 32,479,385	\$ 25,852,033

PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 11 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

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 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, 2025

BENEFITS PROVIDED

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. 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 MGL. 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

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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

ACTUARIAL ASSUMPTIONS

The net pension liability for the June 30, 2024, measurement date was determined by an actuarial valuation as of January 1, 2024, rolled forward to June 30, 2024. This valuation used the following assumptions:

- (a) 2.5% inflation rate, (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund and (d) 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 SOA Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
 - Post-retirement – reflects SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
 - Disability – assumed to be in accordance with the SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (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, 2025

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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	36.00%	4.60%
Core fixed income	15.00%	2.10%
Private equity	16.00%	7.40%
Portfolio completion strategies	10.00%	3.70%
Real estate	10.00%	3.90%
Value added fixed income	9.00%	5.10%
Timber/natural resources	4.00%	4.40%
	<u>100.0%</u>	

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%)
\$ 32,776,000	\$ 25,356,461	\$ 19,080,000

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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 GASB 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 2024 (the most recent measurement period), the District's proportionate share of the MTRS' collective net pension liability was approximately \$153 million, based on a proportionate share of 0.6046%. As required by GASB 68, the District has recognized its portion of the Commonwealth of Massachusetts' contribution of approximately \$14.6 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 \$12.6 million as both revenue and expense on the Statement of Activities.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

The District has adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. 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.

The District has also adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures and 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, 2025.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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 MGL.

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, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	621
Active employees	955
	<u>1,576</u>

INVESTMENTS

The OPEB Trust Fund assets were not invested as of June 30, 2025, and are reported as cash and short-term investments.

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense was 9.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

Inflation	2.5%	
Municipal bond rate/discount rate	5.20%	
Healthcare cost trend rates	8.0%	for 2025 decreasing 0.5% to an ultimate rate of 4% as of 2075
Retiree's share of benefit-related costs	50-78%	medical
	5%	life
Participation rate	80%	medical
	85%	life

Pre-retirement mortality rates for general employees are based on the RP-2014 Blue Collar Employees Mortality Table projected with generational mortality improvement using scale MP-2021.

Healthy Retiree mortality rates for general employees were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected with generational mortality improvement using scale MP-2021.

Disables Retiree mortality rates for general employees were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

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-2021.

Healthy Retiree mortality rates for teachers are based on the PUB-2010 Teachers Headcount-Weighted Retiree Mortality Table, base year 2010, projected with generational mortality improvement using Scale MP-2021.

Disables Retiree mortality rates for teachers are based on the PUB-2010 Teachers Headcount-Weighted Retiree Mortality Table, base year 2010, projected with generational mortality improvement using Scale MP-2021.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30.00%	3.96%
Domestic bond	25.00%	1.49%
International equity	15.00%	4.87%
Alternatives	20.00%	5.41%
International bond	10.00%	1.46%
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 5.2% (based on index provided by Bond Buyer 20-Bond GO on 20-year municipal bond rate as of June 30, 2025).

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NET OPEB LIABILITY

The components of the net OPEB liability, measured as of June 30, 2025, were as follows:

Total OPEB liability	\$ 205,398,333
Plan fiduciary net position	<u>(14,281)</u>
Net OPEB liability	<u>\$ 205,384,052</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	\$ 191,350,446	\$ 13,033	\$ 191,337,413
Changes for the year:			
Service cost	6,971,041	--	6,971,041
Interest	7,688,015	--	7,688,015
Contributions - employer	--	5,395,367	(5,395,367)
Net investment income	--	1,248	(1,248)
Differences between expected and actual experience	12,519,495	--	12,519,495
Changes in assumptions	(7,735,297)	--	(7,735,297)
Benefit payments	<u>(5,395,367)</u>	<u>(5,395,367)</u>	<u>--</u>
Net Changes	<u>14,047,887</u>	<u>1,248</u>	<u>14,046,639</u>
Balances - End of Year	<u>\$ 205,398,333</u>	<u>\$ 14,281</u>	<u>\$ 205,384,052</u>

Changes in assumptions reflect a change in the discount rate from 3.93% in fiscal year 2024 to 5.2% in fiscal year 2025.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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 (4.2%)	Current Discount Rate (5.2%)	1% Increase (6.2%)
\$ 239,667,471	\$ 205,384,052	\$ 177,939,240

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 (7% Year 1 Decreasing to 3%)	Current Healthcare Cost Trend Rates (8% Year 1 Decreasing to 4%)	1% Increase (9% Year 1 Decreasing to 5%)
\$ 174,564,144	\$ 205,384,052	\$ 244,712,627

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$12,871,888. At June 30, 2025, 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	\$ 10,656,475	\$ (7,506,555)
Change in assumptions	7,981,858	(34,632,405)
Net difference between projected and actual earnings on OPEB investment	--	(259)
	<u>\$ 18,638,333</u>	<u>\$ (42,139,219)</u>

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

Year Ended June 30,	Amount
2026	\$ (7,083,546)
2027	(10,815,489)
2028	(4,411,037)
2029	(1,245,382)
2030	(458,026)
Thereafter	<u>512,594</u>
	<u>\$ (23,500,886)</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

LITIGATION

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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

Due to the federal government's review and potential restructuring of federal funding priorities, there is uncertainty regarding the continuation and amount of future funding from federal sources. The District is monitoring policy developments and may need to explore alternative funding sources to mitigate potential impacts.

NOTE 14 - BEGINNING FUND BALANCE RECLASSIFICATION

The District's major governmental funds for fiscal year 2025, as defined by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, have changed from the previous fiscal year. The following reconciliation is provided.

	Reporting Units Affected by Adjustments to Beginning Balances	
	Fund Balance	
	Food Service Fund	Nonmajor Governmental Funds
June 30, 2024, as previously reported	\$ 2,285,271	\$ 1,767,706
Change from major to nonmajor fund	<u>(2,285,271)</u>	<u>2,285,271</u>
June 30, 2024, as adjusted	<u>\$ --</u>	<u>\$ 4,052,977</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 15 - RESTATEMENT OF BEGINNING NET POSITION

Effective for the fiscal year ended June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences* ("GASB 101"). GASB 101 establishes new requirements for the recognition and measurement of liabilities related to compensated absences.

The implementation of GASB 101 required the District to change its method for accounting for compensated absences, resulting in a restatement of the beginning net position as of July 1, 2024. The effect of this restated is as follows:

	Governmental Activities
Net Position at July 1, 2024, as originally stated	\$ (189,250,220)
Restatement for compensated absences resulting from the implementation of GASB 101	<u>(4,356,792)</u>
Net Position at July 1, 2024, as restated	<u><u>\$ (193,607,012)</u></u>

WACHUSETT REGIONAL SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Budgetary	Variance with
	Original	Final	Basis	Final Budget
	Budget	Budget	Actual	Positive
			Amounts	(Negative)
Revenues				
Assessments to members	\$ 81,566,525	\$ 81,061,488	\$ 81,061,488	\$ --
Intergovernmental	39,912,762	40,417,799	41,165,165	747,366
Investment income	275,000	275,000	721,882	446,882
Miscellaneous	225,000	225,000	587,752	362,752
Total Revenues	<u>121,979,287</u>	<u>121,979,287</u>	<u>123,536,287</u>	<u>1,557,000</u>
Expenditures				
Administration	3,211,100	3,110,695	3,346,253	(235,558)
Instruction	68,318,952	68,306,664	67,542,782	763,882
Other school services	11,740,771	10,794,853	11,256,194	(461,341)
Operation and maintenance	9,394,374	9,507,069	9,089,437	417,632
Fixed charges	22,436,068	22,436,066	22,512,676	(76,610)
Programs with other districts	5,515,872	5,926,785	6,285,549	(358,764)
Acquisition	500,000	1,035,005	926,553	108,452
Debt service	862,150	862,150	862,150	--
Total Expenditures	<u>121,979,287</u>	<u>121,979,287</u>	<u>121,821,594</u>	<u>157,693</u>
Overall Budgetary Surplus	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,714,693</u>	<u>\$ 1,714,693</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, 2025

BUDGETARY BASIS

The General Fund final appropriation appearing on the previous page represents the final amended budget after all transfers and supplemental appropriations. The District's budget is prepared on a budgetary basis of accounting. Under the budgetary basis, the District recognizes revenues when they are measurable and available, and expenditures are recognized when the liability is incurred. Encumbrances are recorded as expenditures for budgetary purposes.

The legal level of budgetary control is at the fund level as voted by the School Committee.

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	\$ 138,153,529	\$ 136,376,549
Add end of year appropriation carryforwards to expenditures	--	429,293
To record use of carryforwards	--	(367,006)
Reverse the effect of non- budgeted State contributions	<u>(14,617,242)</u>	<u>(14,617,242)</u>
Budgetary Basis	<u>\$ 123,536,287</u>	<u>\$ 121,821,594</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (For the past ten years)

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, 2025	December 31, 2024	3.06%	\$ 32,479,385	\$ 13,674,974	237.5%	52.7%
June 30, 2024	December 31, 2023	3.07%	\$ 32,137,995	\$ 13,763,519	233.5%	50.4%
June 30, 2023	December 30, 2022	3.16%	\$ 32,513,894	\$ 13,881,126	234.2%	48.2%
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%

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, 2025	June 30, 2024	0.604635%	\$ --	\$ 153,313,944	\$ 153,313,944	\$ 54,463,755	\$ --	61.45%	
June 30, 2024	June 30, 2023	0.609347%	\$ --	\$ 160,199,086	\$ 160,199,086	\$ 52,613,750	\$ --	60.93%	
June 30, 2023	June 30, 2022	0.617735%	\$ --	\$ 159,920,137	\$ 159,920,137	\$ 43,358,749	\$ --	61.77%	
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%	

See independent auditors' report.

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS

(For the past ten years)

Worcester Regional Retirement System						
Fiscal Year	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, 2025	\$ 3,005,803	\$ 3,005,803	\$ --	\$ 13,674,974	22%	
June 30, 2024	\$ 2,745,531	\$ 2,745,531	\$ --	\$ 13,763,519	20%	
June 30, 2023	\$ 2,570,982	\$ 2,570,982	\$ --	\$ 13,881,126	19%	
June 30, 2022	\$ 2,350,170	\$ 2,350,170	\$ --	\$ 11,100,577	21%	
June 30, 2021	\$ 2,081,419	\$ 2,081,419	\$ --	\$ 12,322,363	17%	
June 30, 2020	\$ 1,886,660	\$ 1,886,660	\$ --	\$ 12,057,098	16%	
June 30, 2019	\$ 1,825,956	\$ 1,825,956	\$ --	\$ 9,287,357	20%	
June 30, 2018	\$ 1,678,385	\$ 1,678,385	\$ --	\$ 11,159,876	15%	
June 30, 2017	\$ 1,425,736	\$ 1,425,736	\$ --	\$ 12,325,281	12%	
June 30, 2016	\$ 1,359,653	\$ 1,359,653	\$ --	\$ 10,975,602	12%	
Massachusetts Teachers' Retirement System						
Fiscal Year	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, 2025	\$ 14,617,242	\$ 14,617,242	\$ --	\$ 54,463,755	27%	
June 30, 2024	\$ 13,092,902	\$ 13,092,902	\$ --	\$ 52,613,750	25%	
June 30, 2023	\$ 13,000,879	\$ 13,000,879	\$ --	\$ 50,845,842	26%	
June 30, 2022	\$ 10,846,876	\$ 10,846,876	\$ --	\$ 48,114,969	23%	
June 30, 2021	\$ 9,897,817	\$ 9,897,817	\$ --	\$ 48,275,977	21%	
June 30, 2020	\$ 9,196,366	\$ 9,196,366	\$ --	\$ 46,355,069	20%	
June 30, 2019	\$ 8,311,275	\$ 8,311,275	\$ --	\$ 44,394,345	19%	
June 30, 2018	\$ 8,204,027	\$ 8,204,027	\$ --	\$ 44,800,000	18%	
June 30, 2017	\$ 7,261,380	\$ 7,261,380	\$ --	\$ 44,800,000	16%	
June 30, 2016	\$ 6,572,392	\$ 6,572,392	\$ --	\$ 41,000,000	16%	

See independent auditors' report.

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY (For the past nine years)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 6,971,041	\$ 7,297,290	\$ 7,038,057	\$ 10,385,574	\$ 11,550,762	\$ 7,699,603	\$ 7,253,067	\$ 7,593,739	\$ 9,091,033
Interest	7,688,015	7,135,560	6,757,648	5,137,488	5,347,064	6,270,516	5,463,387	4,989,178	4,278,911
Changes in benefit terms	--	--	339,771	--	--	(2,916,365)	--	--	--
Difference between expected and actual experience	12,519,495	--	(9,799,502)	--	(9,173,084)	--	(3,038,565)	--	--
Change in assumptions	(7,735,297)	(8,883,974)	4,700,129	(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	<u>(5,395,367)</u>	<u>(4,791,877)</u>	<u>(4,597,239)</u>	<u>(4,156,903)</u>	<u>(3,893,247)</u>	<u>(3,541,068)</u>	<u>(3,172,824)</u>	<u>(3,013,387)</u>	<u>(2,922,743)</u>
Net Change in Total OPEB Liability	14,047,887	756,999	4,438,864	(43,384,974)	(2,804,891)	59,115,907	37,722,417	2,230,609	(9,232,063)
Total OPEB Liability - Beginning	<u>191,350,446</u>	<u>190,593,447</u>	<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>	<u>142,507,578</u>
Total OPEB Liability - Ending (a)	<u>205,398,333</u>	<u>191,350,446</u>	<u>190,593,447</u>	<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	5,395,367	4,791,877	4,597,239	4,156,903	3,893,247	3,541,068	3,172,824	3,023,387	2,922,743
Net investment income (loss)	1,248	1,248	795	(1,873)	2,461	69	358	19	--
Benefit payments, including refunds of member contributions	<u>(5,395,367)</u>	<u>(4,791,877)</u>	<u>(4,597,239)</u>	<u>(4,156,903)</u>	<u>(3,893,291)</u>	<u>(3,541,068)</u>	<u>(3,172,824)</u>	<u>(3,013,387)</u>	<u>(2,922,743)</u>
Net Change in Plan Fiduciary Net Position	1,248	1,248	795	(1,873)	2,417	69	358	10,019	--
Plan Fiduciary Net Position - Beginning	<u>13,033</u>	<u>11,785</u>	<u>10,990</u>	<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>14,281</u>	<u>13,033</u>	<u>11,785</u>	<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>\$ 205,384,052</u>	<u>\$ 191,337,413</u>	<u>\$ 190,581,662</u>	<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.

See independent auditors' report.

WACHUSETT REGIONAL SCHOOL DISTRICT

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

(For the past nine years)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability									
Total OPEB liability	\$ 205,398,333	\$ 191,350,446	\$ 190,593,447	\$ 186,154,583	\$ 229,539,557	\$ 232,344,448	\$ 173,228,541	\$ 135,506,124	\$ 133,275,515
Plan fiduciary net position	<u>(14,281)</u>	<u>(13,033)</u>	<u>(11,785)</u>	<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>\$ 205,384,052</u>	<u>\$ 191,337,413</u>	<u>\$ 190,581,662</u>	<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%	0.01%	0.01%	0.01%	0.00%	0.01%	0.01%	0.00%
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Contributions									
Actuarially determined contribution	\$ 18,213,397	\$ 18,121,519	\$ 17,457,815	\$ 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>(5,395,367)</u>	<u>(4,791,877)</u>	<u>(4,597,239)</u>	<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>\$ 12,818,030</u>	<u>\$ 13,329,642</u>	<u>\$ 12,860,576</u>	<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>
Covered employee payroll	\$ 66,732,694	\$ 66,623,222	\$ 64,556,372	\$ 62,919,874	\$ 58,425,932	\$ 57,251,368	\$ 57,660,720	\$ 55,874,515	\$ 56,327,718
Contributions as a percentage of covered payroll	8.09%	7.19%	7.12%	6.61%	6.66%	6.19%	5.50%	5.41%	5.19%
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Investment Returns									
Annual money weighted rate of return, net of investment expense	9.57%	10.59%	7.24%	-14.56%	23.14%	0.66%	3.57%	Unavailable	Unavailable

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