

WACHUSETT REGIONAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2024



WACHUSETT REGIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	11-12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Fiduciary Net Position – Fiduciary Funds	18
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	19
Notes to Basic Financial Statements	20-49

REQUIRED SUPPLEMENTARY INFORMATION

Budget and Actual

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual – General Fund	50
Notes to Required Supplementary Information for General Fund Budget	51

Pension

Schedule of Proportionate Share of the Net Pension Liability	52
Schedule of Pension Contributions	53

OPEB

Schedules of Changes in the Net OPEB Liability	54
Schedules of Net OPEB Liability, Contributions, and Investment Returns	55

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, 2024, 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, 2024, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, 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 26, 2025

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

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, 2024.

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, 2024

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 \$(189,250,220), a change of \$(4,561,887) 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 \$10,323,752, a change of \$3,398,406 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,903,947, a change of \$1,216,677 in comparison to the prior year.

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

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

	2024	2023
Assets		
Current assets	\$ 17,954,982	\$ 14,409,179
Noncurrent assets	<u>55,578,839</u>	<u>57,904,829</u>
Total Assets	<u>73,533,821</u>	<u>72,314,008</u>
Deferred Outflows of Resources	<u>23,071,138</u>	<u>36,573,316</u>
Liabilities		
Current liabilities	8,509,800	9,704,460
Noncurrent liabilities	<u>226,335,714</u>	<u>226,794,858</u>
Total Liabilities	<u>234,845,514</u>	<u>236,499,318</u>
Deferred Inflows of Resources	<u>51,009,665</u>	<u>57,076,339</u>
Net Position		
Net investment in capital assets	52,470,560	52,575,923
Restricted	7,218,403	5,037,509
Unrestricted	<u>(248,939,183)</u>	<u>(242,301,765)</u>
Total Net Position	<u>\$ (189,250,220)</u>	<u>\$ (184,688,333)</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 \$(189,250,220), a change of \$(4,561,887) in comparison to the prior year.

The largest portion of net position, \$52,470,560, 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, 2024

An additional portion of net position, \$7,218,403, 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 \$(248,939,183), primarily resulting from unfunded pension and OPEB liabilities.

Summary of Change in Net Position

	2024	2023
Revenues		
Program revenues:		
Charges for services	\$ 1,331,479	\$ 1,657,048
Operating grants and contributions	30,005,165	25,988,869
General revenues:		
Assessments to members	76,860,544	72,915,514
Grants and contributions not restricted to specific programs	39,315,098	35,671,705
Investment income	672,746	196,719
Miscellaneous	357,760	402,640
Total Revenues	<u>148,542,792</u>	<u>136,832,495</u>
Expenses		
Administration	3,721,498	2,512,817
Instruction	108,252,687	105,654,525
Other school services	17,622,524	15,667,472
Operation and maintenance	9,528,079	10,196,414
Fixed charges	1,086,116	1,157,672
Programs with other districts	10,388,874	9,187,145
Acquisition	18,227	--
Interest on long-term debt	96,145	112,459
Depreciation	2,390,529	2,384,075
Total Expenses	<u>153,104,679</u>	<u>146,872,579</u>
Change in Net Position	(4,561,887)	(10,040,084)
Net Position - Beginning of Year	<u>(184,688,333)</u>	<u>(174,648,249)</u>
Net Position - End of Year	<u><u>\$ (189,250,220)</u></u>	<u><u>\$ (184,688,333)</u></u>

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(4,561,887). Key elements of this change are as follows:

General Fund operations	\$ 1,383,683
District-Wide Revolving Funds operations	1,096,632
Food Service Fund operations	(243,493)
Nonmajor governmental funds operations	1,161,584
Depreciation expense in excess of principal debt service	(275,529)
Repayment of loans	55,572
Capital outlay	64,539
Change in net pension liability, net of deferrals	(259,230)
Change in net OPEB liability, net of deferrals	(7,556,126)
Change in compensated absences liability	(39,574)
Other	50,055
	<u>\$ (4,561,887)</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 \$2,903,947, while total fund balance was \$3,270,953. 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, 2024	June 30, 2023	Change	% of General Fund Expenditures*
Unassigned Fund Balance	\$ 2,903,947	\$ 1,687,270	\$ 1,216,677	2.5%
Total Fund Balance	\$ 3,270,953	\$ 1,887,270	\$ 1,383,683	2.8%

*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 \$13,092,902.

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

The total fund balance of the General Fund changed by \$1,383,683 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 1,192,208
Expenditures less than budget	24,469
Current year encumbrances	367,006
Use of excess & deficiency	<u>(200,000)</u>
	<u>\$ 1,383,683</u>

District-Wide Revolving Funds

The fund balance of the district-wide revolving funds changed by \$1,096,632, primarily from an increase in circuit breaker and school choice funds and not as many expenditures.

Food Service Fund

The fund balance of nonmajor governmental funds changed by \$(243,493), primarily resulting from expenditures and purchases of equipment exceeding revenues.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$1,161,584, primarily from an increase in transportation revolving revenues and no related expenditures.

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 \$55,578,839 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$3,050,331, all of which was backed by the full faith and credit of the District.

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

WACHUSETT REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

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, 2024

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 16,690,412
Intergovernmental receivables	1,264,570
Total Current Assets	<u>17,954,982</u>
Noncurrent Assets	
Capital assets:	
Nondepreciable capital assets	695,000
Other capital assets, net of accumulated depreciation	54,883,839
Total Noncurrent Assets	<u>55,578,839</u>
Total Assets	<u>73,533,821</u>
Deferred Outflows of Resources	
Related to pension	3,475,732
Related to OPEB	19,595,406
Total Deferred Outflows of Resources	<u>23,071,138</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2024

	Governmental Activities
Liabilities	
Current Liabilities	
Accounts payable	870,203
Accrued payroll and related liabilities	6,761,027
Current portion of long-term liabilities:	
Bonds and loans payable	878,570
Total Current Liabilities	8,509,800
Noncurrent Liabilities	
Bonds and loans payable, net of current portion	2,230,276
Net pension liability	32,137,995
Net OPEB liability	191,337,413
Compensated absences liability	630,030
Total Noncurrent Liabilities	226,335,714
Total Liabilities	234,845,514
Deferred Inflows of Resources	
Related to pension	1,343,255
Related to OPEB	49,666,410
Total Deferred Inflows of Resources	51,009,665
Net Position	
Net investment in capital assets	52,470,560
Restricted for:	
Grants and other statutory restrictions	7,218,403
Unrestricted	(248,939,183)
Total Net Position	\$ (189,250,220)

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

WACHUSETT REGIONAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$ 3,721,498	\$ --	\$ --	\$ (3,721,498)
Instruction	108,252,687	797,951	24,597,149	(82,857,587)
Other school services	17,622,524	533,528	5,408,016	(11,680,980)
Operation and maintenance	9,528,079	--	--	(9,528,079)
Fixed charges	1,086,116	--	--	(1,086,116)
Programs with other districts	10,388,874	--	--	(10,388,874)
Acquisition	18,227	--	--	(18,227)
Interest on long-term debt	96,145	--	--	(96,145)
Depreciation	<u>2,390,529</u>	<u>--</u>	<u>--</u>	<u>(2,390,529)</u>
Total Governmental Activities	<u>\$ 153,104,679</u>	<u>\$ 1,331,479</u>	<u>\$ 30,005,165</u>	(121,768,035)
General Revenues				
				76,860,544
Assessments to members				
Grants and contributions not restricted to specific programs				39,315,098
Investment income				672,746
Miscellaneous				<u>357,760</u>
Total General Revenues				<u>117,206,148</u>
Change in Net Position				(4,561,887)
Net Position - Beginning of Year				<u>(184,688,333)</u>
Net Position - End of Year				<u>\$ (189,250,220)</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	District-Wide Revolving Funds	Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 10,579,226	\$ 3,110,587	\$ 2,287,734	\$ 712,865	\$ 16,690,412
Intergovernmental receivables	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,264,570</u>	<u>1,264,570</u>
Total Assets	<u>\$ 10,579,226</u>	<u>\$ 3,110,587</u>	<u>\$ 2,287,734</u>	<u>\$ 1,977,435</u>	<u>\$ 17,954,982</u>
Liabilities					
Accounts payable	\$ 547,246	\$ 110,765	\$ 2,463	\$ 209,729	\$ 870,203
Accrued payroll and related liabilities	<u>6,761,027</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,761,027</u>
Total Liabilities	<u>7,308,273</u>	<u>110,765</u>	<u>2,463</u>	<u>209,729</u>	<u>7,631,230</u>
Fund Balances					
Restricted	--	2,999,822	2,285,271	1,933,877	7,218,970
Assigned	367,006	--	--	--	367,006
Unassigned	<u>2,903,947</u>	<u>--</u>	<u>--</u>	<u>(166,171)</u>	<u>2,737,776</u>
Total Fund Balances	<u>3,270,953</u>	<u>2,999,822</u>	<u>2,285,271</u>	<u>1,767,706</u>	<u>10,323,752</u>
Total Liabilities and Fund Balances	<u>\$ 10,579,226</u>	<u>\$ 3,110,587</u>	<u>\$ 2,287,734</u>	<u>\$ 1,977,435</u>	<u>\$ 17,954,982</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, 2024

<i>Total Governmental Fund Balances</i>	\$ 10,323,752
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	55,578,839
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	3,475,732
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	19,595,406
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds and loans payable	(3,108,846)
Net pension liability	(32,137,995)
Net OPEB liability	(191,337,413)
Compensated absences liability	(630,030)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(1,343,255)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(49,666,410)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$ (189,250,220)</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, 2024

	General Fund	District-Wide Revolving Funds	Food Service Fund	Federal Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Assessments to members	\$ 76,860,544	\$ --	\$ --	\$ --	\$ --	\$ 76,860,544
Intergovernmental	52,408,000	5,937,108	4,292,098	--	4,818,149	67,455,355
Charges for services	--	128,772	278,538	--	924,169	1,331,479
Investment income	672,603	--	143	--	--	672,746
Miscellaneous	352,760	5,000	--	--	--	357,760
Total Revenues	<u>130,293,907</u>	<u>6,070,880</u>	<u>4,570,779</u>	<u>--</u>	<u>5,742,318</u>	<u>146,677,884</u>
Expenditures						
Current:						
Administration	3,077,918	--	--	--	35,587	3,113,505
Instruction	77,837,438	113,032	--	--	3,251,144	81,201,614
Other school services	10,757,329	60	4,814,272	--	1,213,707	16,785,368
Operation and maintenance	8,363,061	--	--	--	46,452	8,409,513
Fixed charges	20,973,520	29,274	--	--	33,844	21,036,638
Programs with other districts	5,556,992	4,831,882	--	--	--	10,388,874
Acquisition	82,766	--	--	--	--	82,766
Debt service:						
Principal	2,115,000	--	--	--	--	2,115,000
Interest	146,200	--	--	--	--	146,200
Total Expenditures	<u>128,910,224</u>	<u>4,974,248</u>	<u>4,814,272</u>	<u>--</u>	<u>4,580,734</u>	<u>143,279,478</u>
Change in Fund Balance	<u>1,383,683</u>	<u>1,096,632</u>	<u>(243,493)</u>	<u>--</u>	<u>1,161,584</u>	<u>3,398,406</u>
Fund Balances , at Beginning of Year as Previously Presented	1,887,270	1,903,190	2,528,764	(67,389)	673,511	6,925,346
Change within Financial Reporting Entity, (Major to Nonmajor Fund)	--	--	--	67,389	(67,389)	--
Fund Balances , at Beginning of Year as Adjusted	<u>1,887,270</u>	<u>1,903,190</u>	<u>2,528,764</u>	<u>--</u>	<u>606,122</u>	<u>6,925,346</u>
Fund Balances , at End of Year	<u>\$ 3,270,953</u>	<u>\$ 2,999,822</u>	<u>\$ 2,285,271</u>	<u>\$ --</u>	<u>\$ 1,767,706</u>	<u>\$ 10,323,752</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, 2024

Net Changes in Fund Balances - Total Governmental Funds \$ 3,398,406

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	64,539
Depreciation	(2,390,529)

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	2,115,000
Repayment of loans	55,572

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	(259,230)
Change in net OPEB liability and related deferred outflows and inflows	(7,556,126)
Change in compensated absences liability	(39,574)
Other	<u>50,055</u>

Change in Net Position of Governmental Activities \$ (4,561,887)

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

WACHUSETT REGIONAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

JUNE 30, 2024

	Other Post- Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
Assets			
Cash and cash equivalents	<u>\$ 13,033</u>	<u>\$ 215,410</u>	<u>\$ 557,547</u>
Liabilities			
Accounts payable	<u>--</u>	<u>9,750</u>	<u>30,191</u>
Net Position			
Restricted for OPEB purposes	13,033	--	--
Restricted for individuals and organizations	<u>--</u>	<u>205,660</u>	<u>527,356</u>
Total Net Position	<u><u>\$ 13,033</u></u>	<u><u>\$ 205,660</u></u>	<u><u>\$ 527,356</u></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, 2024

	Other Post- Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
Additions			
Contributions	\$ 4,791,877	\$ --	\$ --
Investment income, net	1,255	8,912	--
Fees collected for students	--	--	686,670
Total Additions	<u>4,793,132</u>	<u>8,912</u>	<u>686,670</u>
Deductions			
Benefit payments to plan members and beneficiaries	4,791,877	--	--
Awards and scholarships	--	9,749	--
Payments on behalf of students	--	--	675,861
Total Deductions	<u>4,791,877</u>	<u>9,749</u>	<u>675,861</u>
Change in Net Position	1,255	(837)	10,809
Restricted Net Position - Beginning of Year	<u>11,778</u>	<u>206,497</u>	<u>516,547</u>
Restricted Net Position - End of Year	<u>\$ 13,033</u>	<u>\$ 205,660</u>	<u>\$ 527,356</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, 2024

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 2024, 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, 2024

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. Typically, revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, and pension and OPEB are recorded as expenditures only when they are due.

The District reports the following major governmental funds:

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

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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. All vested vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

LONG-TERM OBLIGATIONS

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

FUND 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, 2024

- *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 School 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, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

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, 2024, the assessments were as follows:

Member Community	Minimum Contribution	Contribution Outside Net Sch. Spending	Additional Contribution	Total Assessments
Holden	\$ 22,192,218	\$ 9,073,908	\$ 4,113,992	\$ 35,380,118
Paxton	4,860,250	1,781,122	817,436	7,458,808
Princeton	4,009,651	1,135,988	483,984	5,629,623
Rutland	8,718,417	4,566,395	2,078,690	15,363,502
Sterling	9,320,886	2,541,249	1,166,358	13,028,493
	<u>\$ 49,101,422</u>	<u>\$ 19,098,662</u>	<u>\$ 8,660,460</u>	<u>\$ 76,860,544</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

DEFICIT FUND EQUITY

Certain individual funds reflected deficit balances as of June 30, 2024. It is anticipated that the deficits in these funds will be eliminated through future grant revenues.

NOTE 3 - DEPOSITS

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the District. Deposits, including demand deposits, money markets, 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 Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by 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, 2024, \$531,479 of the District's bank balance of \$5,276,261 was exposed to custodial credit risk as uninsured and uncollateralized. In addition, the District also had \$10,990,446 invested in MMDT, which is not subject to this disclosure.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 – INTERGOVERNMENTAL RECEIVABLES

The balance represents reimbursement requested from federal and state agencies for expenditures incurred in fiscal year 2024.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Buildings and improvements	\$ 91,470,709	\$ 64,539	\$ --	\$ 91,535,248
Machinery and equipment	<u>384,287</u>	<u>--</u>	<u>--</u>	<u>384,287</u>
Total Capital Assets, Being Depreciated	<u>91,854,996</u>	<u>64,539</u>	<u>--</u>	<u>91,919,535</u>
Less: Accumulated Depreciation For:				
Buildings and improvements	(34,340,749)	(2,324,847)	--	(36,665,596)
Machinery and equipment	<u>(304,418)</u>	<u>(65,682)</u>	<u>--</u>	<u>(370,100)</u>
Total Accumulated Depreciation	<u>(34,645,167)</u>	<u>(2,390,529)</u>	<u>--</u>	<u>(37,035,696)</u>
Capital Assets, Being Depreciated, Net	<u>57,209,829</u>	<u>(2,325,990)</u>	<u>--</u>	<u>54,883,839</u>
Capital Assets, Not Being depreciated:				
Land	<u>695,000</u>	<u>--</u>	<u>--</u>	<u>695,000</u>
Total Capital Assets, Not Being Depreciated	<u>695,000</u>	<u>--</u>	<u>--</u>	<u>695,000</u>
Capital Assets, Net	<u>\$ 57,904,829</u>	<u>\$ (2,325,990)</u>	<u>\$ --</u>	<u>\$ 55,578,839</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, 2024

NOTE 7 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS

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

Purpose	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 06/30/24
General Obligation Bonds - Direct Placements:				
School improvements (2015 refunding bonds)	\$ 2,155,000	07/15/24	2.00 - 4.00%	\$ 245,000
School improvements (2020 refunding bonds)	4,145,000	09/01/29	4.00%	<u>2,505,000</u>
				2,750,000
Loan from Direct Borrowing:				
Chromebook financing	175,700	08/01/24	5.23%	<u>58,515</u>
				<u><u>\$ 2,808,515</u></u>

FUTURE DEBT SERVICE

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2024, were as follows:

Fiscal Year	Bonds- Direct Placement		Loans - Direct Borrowing	
	Principal	Interest	Principal	Interest
2025	\$ 770,000	\$ 92,150	\$ 58,515	\$ 3,099
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>--</u>	<u>--</u>
	<u>\$ 2,750,000</u>	<u>\$ 255,750</u>	<u>\$ 58,515</u>	<u>\$ 3,099</u>

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

CHANGES IN GENERAL LONG-TERM LIABILITIES

During the year ended June 30, 2024, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
General obligation bonds	\$ 4,865	\$ --	\$ (2,115)	\$ 2,750	\$ (770)	\$ 1,980
Bond premium	350	--	(50)	300	(50)	250
Loans payable	114	--	(55)	59	(59)	--
Subtotal - bonds and loans payable	5,329	--	(2,220)	3,109	(879)	2,230
Net pension liability	32,514	--	(376)	32,138	--	32,138
Net OPEB liability	190,582	755	--	191,337	--	191,337
Compensated absences liability	590	40	--	630	--	630
	<u>\$ 229,015</u>	<u>\$ 795</u>	<u>\$ (2,596)</u>	<u>\$ 227,214</u>	<u>\$ (879)</u>	<u>\$ 226,335</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, 2024

NOTE 9 - GOVERNMENTAL FUNDS - FUND BALANCES

The District's fund balances at June 30, 2024 were comprised of the following:

	General Fund	District-Wide Revolving Funds	Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted					
Bonded projects	\$ --	\$ --	\$ --	\$ 567	\$ 567
Special revenue funds:					
Food service	--	--	2,285,271	--	2,285,271
Circuit breaker	--	1,884,726	--	--	1,884,726
School choice	--	915,270	--	--	915,270
Revolving funds	--	199,826	--	1,705,093	1,904,919
Grants	--	--	--	7,903	7,903
Other	--	--	--	220,314	220,314
Total Restricted	--	2,999,822	2,285,271	1,933,877	7,218,970
Assigned					
Encumbrances:					
Administration	6,963	--	--	--	6,963
Instruction	19,885	--	--	--	19,885
Other school services	242,085	--	--	--	242,085
Operation and maintenance	26,769	--	--	--	26,769
Employee benefits	71,304	--	--	--	71,304
Total Assigned	367,006	--	--	--	367,006
Unassigned					
General Fund	2,903,947	--	--	--	2,903,947
Deficit funds	--	--	--	(166,171)	(166,171)
Total Unassigned	2,903,947	--	--	(166,171)	2,737,776
Total Fund Balances	\$ 3,270,953	\$ 2,999,822	\$ 2,285,271	\$ 1,767,706	\$ 10,323,752

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10 - RESTRICTED NET POSITION

The accompanying financial statements report restricted net position when external constraints from grantors or contributors are placed on net position. The District's restricted net position at June 30, 2024 was comprised of the following:

Federal grants	\$ 7,903
Circuit breaker	1,884,726
School choice	915,270
Other revolving funds	1,727,370
School program initiative fund	397,863
School lunch fund	<u>2,285,271</u>
	<u>\$ 7,218,403</u>

NOTE 11 - WORCESTER CONTRIBUTORY RETIREMENT SYSTEM

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

PLAN DESCRIPTION

Certain employees of the District (except teachers) are members of the Worcester Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The System provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of 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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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. 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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

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

Methods of Payment

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

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

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

Employer Contributions

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

The District's contribution to the System for the year ended June 30, 2024, was \$2,745,531, 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.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

At June 30, 2024, the District reported a liability of \$32,137,995 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to December 31, 2023. 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, 2024, the District's proportion was 3.069%, which was a decrease of (0.093%) from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$3,004,760. 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	\$ 257,047	\$ (674,726)
Changes in assumptions	1,937,003	--
Net difference between pension projected and actual pension investment earnings	1,281,682	--
Changes in proportion and differences between pension contributions and proportionate share of contributions	--	(668,529)
	<u>\$ 3,475,732</u>	<u>\$ (1,343,255)</u>

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

Year Ended June 30,	Amount
2025	\$ 369,452
2026	709,462
2027	1,230,115
2028	(218,903)
2029	42,351
	<u>\$ 2,132,477</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, 2022
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	2.4% per year
Post-retirement cost-of-living adjustment	3% of \$16,000
Remaining amortization period	16 years

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

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building-block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding an expected inflation rate. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	36.00%	4.58%
Core fixed income	15.00%	2.40%
Value-added fixed income	9.00%	5.30%
Private equity	16.00%	7.70%
Real estate	10.00%	4.10%
Timberland	4.00%	4.60%
Portfolio completion	10.00%	3.90%
	<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, 2024

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%)
\$ 39,535,147	\$ 32,137,995	\$ 25,891,339

PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 12 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

PLAN DESCRIPTION

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in 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, 2024

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, 2024

ACTUARIAL ASSUMPTIONS

The net pension liability for the June 30, 2023, measurement date was determined by an actuarial valuation as of January 1, 2023, rolled forward to June 30, 2023. 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 Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
 - Disability – assumed to be in accordance with the 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, 2024

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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	37.00%	4.90%
Core fixed income	15.00%	1.90%
Private equity	16.00%	7.40%
Portfolio completion strategies	10.00%	3.80%
Real estate	10.00%	3.00%
Value added fixed income	8.00%	5.10%
Timber/natural resources	4.00%	4.30%
	<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%)
\$ 33,378,000	\$ 26,290,271	\$ 20,292,000

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

SPECIAL FUNDING SITUATION

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

DISTRICT PROPORTIONS

In fiscal year 2023 (the most recent measurement period), the District's proportionate share of the MTRS' collective net pension liability was approximately \$160 million, based on a proportionate share of 0.6093%. As required by GASB 68, the District has recognized its portion of the Commonwealth of Massachusetts' contribution of approximately \$13.1 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 \$15 million as both revenue and expense on the Statement of Activities.

NOTE 13 - 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, 2024.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	597
Active employees	983
	<hr/>
	1,580
	<hr/>

INVESTMENTS

The OPEB Trust Fund assets were not invested as of June 30, 2024, and are reported as cash and short-term investments.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense was 10.59%. 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, 2024

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The net OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%	
Municipal bond rate/discount rate	3.93%	
Healthcare cost trend rates	7.0%	for 2024 decreasing 0.5% to an ultimate rate of 4.1% 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-2020.

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-2020.

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-2020.

Pre-retirement mortality rates for teachers are based on the PUB-2010 Teachers Headcount-Weighted Employee Mortality Table, base year 2010, projected with generational mortality using Scale MP-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, 2024

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, 2024, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30.00%	4.24%
Domestic bond	25.00%	1.84%
International equity	15.00%	5.34%
Alternatives	20.00%	5.10%
International bond	10.00%	1.68%
Cash and equivalents	0.00%	0.00%
	<u>100.00%</u>	

CONTRIBUTIONS

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

DISCOUNT RATE

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, the discount rate was based on the municipal bond rate of 3.93% (based on index provided by Bond Buyer 20-Bond GO on 20-year municipal bond rate as of June 30, 2024).

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NET OPEB LIABILITY

The components of the net OPEB liability, measured as of June 30, 2024, were as follows:

Total OPEB liability	\$ 191,350,446
Plan fiduciary net position	<u>(13,033)</u>
Net OPEB liability	<u>\$ 191,337,413</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	\$ 190,593,447	\$ 11,778	\$ 190,581,669
Changes for the year:			
Service cost	7,297,290	--	7,297,290
Interest	7,135,560	--	7,135,560
Contributions - employer	--	4,791,877	(4,791,877)
Net investment income	--	1,255	(1,255)
Changes in assumptions	(8,883,974)	--	(8,883,974)
Benefit payments	<u>(4,791,877)</u>	<u>(4,791,877)</u>	<u>--</u>
Net Changes	<u>756,999</u>	<u>1,255</u>	<u>755,744</u>
Balances - End of Year	<u>\$ 191,350,446</u>	<u>\$ 13,033</u>	<u>\$ 191,337,413</u>

Changes in assumptions reflect a change in the discount rate from 3.65% in fiscal year 2023 to 3.93% in fiscal year 2024.

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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

1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
\$ 226,001,407	\$ 191,337,413	\$ 163,930,633

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 3.1%)	Current Healthcare Cost Trend Rates (8% Year 1 Decreasing to 4.1%)	1% Increase (9% Year 1 Decreasing to 5.1%)
\$ 158,628,417	\$ 191,337,413	\$ 234,101,305

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$12,348,003. At June 30, 2024, 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	\$ --	\$ (10,680,421)
Change in assumptions	19,595,262	(38,985,989)
Net difference between projected and actual earnings on OPEB investment	144	--
	<u>\$ 19,595,406</u>	<u>\$ (49,666,410)</u>

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

Year Ended June 30,	Amount
2025	\$ (2,498,227)
2026	(7,795,387)
2027	(11,527,330)
2028	(5,122,878)
2029	(1,957,222)
Thereafter	<u>(1,169,960)</u>
	<u>\$ (30,071,004)</u>

WACHUSETT REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 14 - 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.

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. The District's federal funding received during fiscal year 2024 was approximately \$4.7 million.

NOTE 15 – BEGINNING FUND BALANCE RECLASSIFICATION

The School District's major governmental funds for fiscal year 2024, 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	
	Federal Grant Fund	Nonmajor Governmental Funds
June 30, 2023, as previously reported	\$ (67,389)	\$ 673,511
Change from major to nonmajor fund	<u>67,389</u>	<u>(67,389)</u>
June 30, 2023, as adjusted	<u><u>\$ --</u></u>	<u><u>\$ 606,122</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, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Assessments to members	\$ 76,860,544	\$ 76,860,544	\$ 76,860,544	\$ --
Intergovernmental	38,873,253	38,873,253	39,315,098	441,845
Investment income	50,000	50,000	672,603	622,603
Miscellaneous	<u>225,000</u>	<u>225,000</u>	<u>352,760</u>	<u>127,760</u>
Total Revenues	<u>116,008,797</u>	<u>116,008,797</u>	<u>117,201,005</u>	<u>1,192,208</u>
Expenditures				
Administration	2,793,788	3,070,810	3,084,881	(14,071)
Instruction	65,728,006	65,139,788	64,764,421	375,367
Other school services	10,598,018	10,973,924	10,999,414	(25,490)
Operation and maintenance	8,969,743	8,663,708	8,389,830	273,878
Fixed charges	21,366,732	21,058,057	21,044,824	13,233
Programs with other districts	4,216,310	4,966,310	5,556,992	(590,682)
Acquisitions	275,000	75,000	82,766	(7,766)
Debt service	<u>2,261,200</u>	<u>2,261,200</u>	<u>2,261,200</u>	<u>--</u>
Total Expenditures	<u>116,208,797</u>	<u>116,208,797</u>	<u>116,184,328</u>	<u>24,469</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>1,016,677</u>	<u>1,216,677</u>
Other Financing (Uses)				
Use of excess and deficiency:				
Operating budget	<u>200,000</u>	<u>200,000</u>	<u>--</u>	<u>(200,000)</u>
Total Other Financing (Uses)	<u>200,000</u>	<u>200,000</u>	<u>--</u>	<u>(200,000)</u>
Overall Budgetary Surplus	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,016,677</u>	<u>\$ 1,016,677</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, 2024

BUDGETARY BASIS

The General Fund final appropriation appearing on the previous page represents the final amended budget after all transfers and supplemental appropriations. The School District's budget is prepared on a budgetary basis of accounting. Under the budgetary basis, the School 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.

	<u>Revenues</u>	<u>Expenditures</u>
GAAP Basis	\$ 130,293,907	\$ 128,910,224
Add end of year appropriation carryforwards to expenditures	--	367,006
Reverse the effect of non- budgeted State contributions	<u>(13,092,902)</u>	<u>(13,092,902)</u>
Budgetary Basis	<u>\$ 117,201,005</u>	<u>\$ 116,184,328</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, 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%			
June 30, 2015	December 31, 2014	3.29%	\$ 19,556,058	\$ 10,553,463	185.3%	47.9%			

Massachusetts Teachers' Retirement System									
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the District	Total Net Pension Liability Associated with the District	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability	
June 30, 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%	
June 30, 2015	June 30, 2014	0.652099%	\$ --	\$ 103,660,015	\$ 103,660,015	\$ 40,000,000	--	61.64%	

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

See independent auditors' report.

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS

(For the past ten years)

Worcester Regional Retirement System						
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	December 31, 2023	\$ 2,745,531	\$ 2,745,531	\$ --	\$ 13,763,519	20%
June 30, 2023	December 30, 2022	\$ 2,570,982	\$ 2,570,982	\$ --	\$ 13,881,126	19%
June 30, 2022	December 30, 2021	\$ 2,350,170	\$ 2,350,170	\$ --	\$ 11,100,577	21%
June 30, 2021	December 30, 2020	\$ 2,081,419	\$ 2,081,419	\$ --	\$ 12,322,363	17%
June 30, 2020	December 30, 2019	\$ 1,886,660	\$ 1,886,660	\$ --	\$ 12,057,098	16%
June 30, 2019	December 31, 2018	\$ 1,825,956	\$ 1,825,956	\$ --	\$ 9,287,357	20%
June 30, 2018	December 31, 2017	\$ 1,678,385	\$ 1,678,385	\$ --	\$ 11,159,876	15%
June 30, 2017	December 31, 2016	\$ 1,425,736	\$ 1,425,736	\$ --	\$ 12,325,281	12%
June 30, 2016	December 31, 2015	\$ 1,359,653	\$ 1,359,653	\$ --	\$ 10,975,602	12%
June 30, 2015	December 31, 2014	\$ 1,298,737	\$ 1,298,737	\$ --	\$ 10,553,463	12%

Massachusetts Teachers' Retirement System						
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	June 30, 2023	\$ 13,092,902	\$ 13,092,902	\$ --	\$ 52,613,750	25%
June 30, 2023	June 30, 2022	\$ 13,000,879	\$ 13,000,879	\$ --	\$ 50,845,842	26%
June 30, 2022	June 30, 2021	\$ 10,846,876	\$ 10,846,876	\$ --	\$ 48,114,969	23%
June 30, 2021	June 30, 2020	\$ 9,897,817	\$ 9,897,817	\$ --	\$ 48,275,977	21%
June 30, 2020	June 30, 2019	\$ 9,196,366	\$ 9,196,366	\$ --	\$ 46,355,069	20%
June 30, 2019	June 30, 2018	\$ 8,311,275	\$ 8,311,275	\$ --	\$ 44,394,345	19%
June 30, 2018	June 30, 2017	\$ 8,204,027	\$ 8,204,027	\$ --	\$ 44,800,000	18%
June 30, 2017	June 30, 2016	\$ 7,261,380	\$ 7,261,380	\$ --	\$ 44,800,000	16%
June 30, 2016	June 30, 2015	\$ 6,572,392	\$ 6,572,392	\$ --	\$ 41,000,000	16%
June 30, 2015	June 30, 2014	\$ 6,112,644	\$ 6,112,644	\$ --	\$ 40,000,000	15%

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

See independent auditors' report.

WACHUSETT REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 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	7,135,560	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	--	(9,799,502)	--	(9,173,084)	--	(3,038,565)	--	--
Change in assumptions	(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>(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	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>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>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	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	795	(1,873)	2,461	69	358	19	--
Benefit payments, including refunds of member contributions	<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	795	(1,873)	2,417	69	358	10,019	--
Plan Fiduciary Net Position - Beginning	<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>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>\$ 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 notes to the District's financial statements for summary of significant actuarial methods and assumptions.

See independent auditors' report.

WACHUSETT REGIONAL SCHOOL DISTRICT

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

	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability								
Total OPEB liability	\$ 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>(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>\$ 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%	0.00%	0.01%	0.01%	0.00%
	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Contributions								
Actuarially determined contribution	\$ 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>(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>\$ 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	\$ 66,623,222	\$ 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	7.19%	7.12%	6.61%	6.66%	6.19%	5.50%	5.41%	5.19%
	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Investment Returns								
Annual money weighted rate of return, net of investment expense	10.59%	7.24%	-14.56%	23.14%	0.66%	3.57%	Unavailable	Unavailable

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

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See independent auditors' report.