



NASHOBA

Regional School District

NASHOBA REGIONAL SCHOOL DISTRICT

Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the School Committee
Nashoba Regional School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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 Nashoba Regional School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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

The District's 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

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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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.

Auditor's 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 auditor's report that includes our opinion. 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 May 23, 2023 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Melanson".

Greenfield, Massachusetts
May 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, (3) notes to 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 inflows and outflows 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 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 divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

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

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 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 \$(53,820,951), a change of \$(86,155), 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 \$5,736,386, a change of \$1,361,758 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,514,053, a change of \$269,559 in comparison to the prior year.

Government-Wide Financial Analysis

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

NET POSITION

	Governmental <u>Activities</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 10,193,886	\$ 8,400,718
Capital assets	<u>14,491,988</u>	<u>15,237,704</u>
Total Assets	24,685,874	23,638,422
Deferred Outflows of Resources	8,272,921	8,467,782
Liabilities		
Other liabilities	4,474,276	4,045,301
Long-term liabilities	<u>63,603,255</u>	<u>74,399,075</u>
Total Liabilities	68,077,531	78,444,376
Deferred Inflows of Resources	18,702,215	7,396,624
Net Position		
Net investment in capital assets	12,081,695	12,450,722
Restricted	2,365,979	1,189,534
Unrestricted	<u>(68,268,625)</u>	<u>(67,375,052)</u>
Total Net Position	\$ <u>(53,820,951)</u>	\$ <u>(53,734,796)</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 \$(53,820,951), a change of \$(86,155) from the prior year.

The largest portion of net position, \$12,081,695, reflects our investment in capital assets (e.g., land, land improvements, buildings, machinery and equipment, infrastructure, and vehicles), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$2,365,979, 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 \$(68,268,625) primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION

	Governmental <u>Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,369,451	\$ 320,353
Operating grants and contributions	12,124,417	17,649,376
Capital grants and contributions	96,358	-
General revenues:		
Assessments to members	48,223,340	47,360,498
Grants and contributions not restricted to specific programs	10,182,380	10,051,654
Investment income	16,486	13,620
Miscellaneous	<u>151,601</u>	<u>63,052</u>
Total Revenues	72,164,033	75,458,553
Expenses		
Administration	1,643,037	1,974,022
Instruction	55,289,122	65,301,421
Other school services	5,769,376	5,670,652
Operations and maintenance	5,356,055	4,796,298
Other expenditures	3,098,715	3,479,334
Interest	47,108	65,666
Capital improvements	260,104	-
Depreciation	<u>786,671</u>	<u>782,576</u>
Total Expenses	<u>72,250,188</u>	<u>82,069,969</u>
Change in Net Position	(86,155)	(6,611,416)
Net Position - Beginning of Year	<u>(53,734,796)</u>	<u>(47,123,380)</u>
Net Position - End of Year	<u>\$ (53,820,951)</u>	<u>\$ (53,734,796)</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(86,155). Key elements of this change are as follows:

General Fund operations	\$	349,059
Revolving Funds operations		631,946
Capital Project Fund operations		(163,746)
Nonmajor Governmental Funds operations		544,499
Depreciation expense in excess of principal debt service		(248,671)
Capital asset acquisition		40,955
Change in accrued interest		2,435
Change in compensated absence liability		40,102
Change in pension expense from GASB 68		(95,423)
Change in OPEB expense from GASB 75		<u>(1,187,311)</u>
Total	\$	<u>(86,155)</u>

Financial Analysis of the District's Funds

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

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,514,053, while total fund balance was \$3,524,924. 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.

<u>General Fund</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	% of General Fund <u>Expenditures*</u>
Unassigned fund balance	\$ 1,514,053	\$ 1,244,494	\$ 269,559	2.1%
Total fund balance	\$ 3,524,924	\$ 3,175,865	\$ 349,059	4.9%

* 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 \$6,880,716.

The total fund balance of the General Fund changed by \$349,059 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 109,863
Expenditures less than budget	1,359,696
Add effect of current year encumbrances, net of prior year encumbrances	173,860
Use of excess and deficiency as a funding source	(1,200,000)
Change in stabilization	<u>(94,360)</u>
Total	<u>\$ 349,059</u>

Included in the total fund balance of the General Fund is the District’s turf and track stabilization fund with a balance of \$50,000 at June 30, 2022.

The Revolving Funds Major Governmental Fund

The fund balance of the Revolving Funds changed by \$631,946, primarily from excess Circuit Breaker receipts over expenditures of approximately \$403,000.

The Capital Project Fund Major Governmental Fund

The fund balance of the Capital Project Fund changed by \$(163,746), primarily from timing differences between the receipt and disbursement of grants related to high school capital improvement projects and the timing of borrowing for these projects.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$544,499, primarily from timing differences between the receipt and disbursement of grants.

General Fund Budgetary Highlights

There were no differences between the total original budget and the total final budget; however, there were line item changes during the fiscal year that were approved by the School Committee.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets at year-end amounted to \$14,491,988 (net of accumulated depreciation).

Major capital asset events during the current fiscal year include depreciation expense of \$(786,671), acquisition of a vehicle for \$31,640, and acquisition of a floor scrubber for \$9,315.

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 \$1,855,000, all of which was backed by the full faith and credit of the District.

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

Requests for Information

This financial report is designed to provide a general overview of the Nashoba 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:

Nashoba Regional School District
50 Mechanic Street
Bolton, Massachusetts 01740

NASHOBA REGIONAL SCHOOL DISTRICT

Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Current:	
Cash and short-term investments	\$ 10,051,706
Intergovernmental receivables	139,505
Other assets	<u>2,675</u>
Total Current Assets	10,193,886
Noncurrent:	
Capital assets:	
Nondepreciable capital assets	37,913
Capital assets, net of accumulated depreciation	<u>14,454,075</u>
Total Noncurrent Assets	<u>14,491,988</u>
Total Assets	24,685,874
Deferred Outflows of Resources	
Related to pension	1,185,683
Related to OPEB	<u>7,087,238</u>
Total Deferred Outflows of Resources	8,272,921
Liabilities	
Current:	
Warrants payable	262,360
Accrued payroll and related liabilities	3,395,140
Accrued interest payable	16,776
Notes payable	800,000
Current portion of long-term liabilities:	
Bonds payable	480,000
Notes payable	<u>48,000</u>
Total Current Liabilities	5,002,276
Noncurrent:	
Bonds payable, net of current portion	1,375,000
Notes payable, net of current portion	336,000
Net pension liability	13,788,983
Net OPEB liability	47,459,656
Compensated absences liability	<u>115,616</u>
Total Noncurrent Liabilities	<u>63,075,255</u>
Total Liabilities	68,077,531
Deferred Inflows of Resources	
Related to pension	2,786,154
Related to OPEB	<u>15,916,061</u>
Total Deferred Inflows of Resources	18,702,215
Net Position	
Net investment in capital assets	12,081,695
Restricted	2,365,979
Unrestricted	<u>(68,268,625)</u>
Total Net Position	<u>\$ (53,820,951)</u>

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

NASHOBA REGIONAL SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 1,643,037	\$ -	\$ -	\$ -	\$ (1,643,037)
Instruction	55,289,122	1,059,696	10,338,964	-	(43,890,462)
Other school services	5,769,376	309,755	1,785,453	-	(3,674,168)
Operations and maintenance	5,356,055	-	-	-	(5,356,055)
Other expenditures	3,098,715	-	-	-	(3,098,715)
Interest	47,108	-	-	-	(47,108)
Capital improvements	260,104	-	-	96,358	(163,746)
Depreciation	786,671	-	-	-	(786,671)
Total	<u>\$ 72,250,188</u>	<u>\$ 1,369,451</u>	<u>\$ 12,124,417</u>	<u>\$ 96,358</u>	(58,659,962)
			General Revenues		
			Assessments to members		48,223,340
			Grants and contributions not restricted to specific programs		10,182,380
			Investment income		16,486
			Miscellaneous		<u>151,601</u>
			Total General Revenues		<u>58,573,807</u>
			Change in Net Position		(86,155)
			Net Position		
			Beginning of Year		<u>(53,734,796)</u>
			End of Year		<u>\$ (53,820,951)</u>

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

NASHOBA REGIONAL SCHOOL DISTRICT

Governmental Funds
Balance Sheet
June 30, 2022

	General Fund	Revolving Funds	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 6,788,863	\$ 1,805,697	\$ 645,483	\$ 811,663	\$ 10,051,706
Intergovernmental receivables	-	-	-	139,505	139,505
Due from other funds	287,629	-	-	-	287,629
Other assets	<u>2,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,675</u>
Total Assets	<u>\$ 7,079,167</u>	<u>\$ 1,805,697</u>	<u>\$ 645,483</u>	<u>\$ 951,168</u>	<u>\$ 10,481,515</u>
 Liabilities					
Warrants payable	\$ 185,068	\$ 31,119	\$ -	\$ 46,173	\$ 262,360
Accrued payroll and related liabilities	3,369,175	-	-	25,965	3,395,140
Due to other funds	-	-	-	287,629	287,629
Notes payable	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Total Liabilities	3,554,243	31,119	800,000	359,767	4,745,129
 Fund Balances					
Nonspendable	2,675	-	-	-	2,675
Restricted	-	1,774,578	-	858,840	2,633,418
Committed	50,000	-	-	-	50,000
Assigned	1,958,196	-	-	-	1,958,196
Unassigned	<u>1,514,053</u>	<u>-</u>	<u>(154,517)</u>	<u>(267,439)</u>	<u>1,092,097</u>
Total Fund Balances	<u>3,524,924</u>	<u>1,774,578</u>	<u>(154,517)</u>	<u>591,401</u>	<u>5,736,386</u>
Total Liabilities and Fund Balances	<u>\$ 7,079,167</u>	<u>\$ 1,805,697</u>	<u>\$ 645,483</u>	<u>\$ 951,168</u>	<u>\$ 10,481,515</u>

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

NASHOBA REGIONAL SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2022

Total governmental fund balances	\$	5,736,386
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		14,491,988
• Deferred outflows of resources related to pension to be recognized in pension expense in future periods.		1,185,683
• Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.		7,087,238
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		(16,776)
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds and notes payable		(2,239,000)
Net pension liability		(13,788,983)
Net OPEB liability		(47,459,656)
Compensated absences liability		(115,616)
• Deferred inflows of resources related to pension to be recognized in pension expense in future periods.		(2,786,154)
• Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.		<u>(15,916,061)</u>
Net position of governmental activities	\$	<u><u>(53,820,951)</u></u>

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

NASHOBA REGIONAL SCHOOL DISTRICT

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

	General Fund	Revolving Funds	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Assessments to members	\$ 48,223,340	\$ -	\$ -	\$ -	\$ 48,223,340
Intergovernmental	16,624,693	1,528,649	96,358	3,863,627	22,113,327
Charges for services	-	1,059,696	-	309,755	1,369,451
Investment income	16,486	-	-	-	16,486
Miscellaneous	149,001	-	-	2,600	151,601
Total Revenues	<u>65,013,520</u>	<u>2,588,345</u>	<u>96,358</u>	<u>4,175,982</u>	<u>71,874,205</u>
Expenditures					
Current:					
Administration	1,306,294	-	-	-	1,306,294
Instruction	43,102,793	873,949	-	1,963,767	45,940,509
Other school services	3,709,253	111,481	-	1,642,716	5,463,450
Operations and maintenance	4,839,310	65,607	-	-	4,904,917
Insurance and benefits	8,900,915	50,000	-	-	8,950,915
Other expenditures	2,243,353	855,362	-	-	3,098,715
Debt service:					
Principal	513,000	-	-	25,000	538,000
Interest	49,543	-	-	-	49,543
Capital improvements	-	-	260,104	-	260,104
Total Expenditures	<u>64,664,461</u>	<u>1,956,399</u>	<u>260,104</u>	<u>3,631,483</u>	<u>70,512,447</u>
Change in Fund Balance	349,059	631,946	(163,746)	544,499	1,361,758
Fund Balances, at Beginning of Year, as reclassified	<u>3,175,865</u>	<u>1,142,632</u>	<u>9,229</u>	<u>46,902</u>	<u>4,374,628</u>
Fund Balances, at End of Year	\$ <u><u>3,524,924</u></u>	\$ <u><u>1,774,578</u></u>	\$ <u><u>(154,517)</u></u>	\$ <u><u>591,401</u></u>	\$ <u><u>5,736,386</u></u>

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

NASHOBA REGIONAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net changes in fund balances - total governmental funds	\$ 1,361,758
<ul style="list-style-type: none"> • 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. 	(745,716)
<ul style="list-style-type: none"> • The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <ul style="list-style-type: none"> Repayments of bonds and notes 	538,000
<ul style="list-style-type: none"> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	2,435
<ul style="list-style-type: none"> • 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 the governmental funds: <ul style="list-style-type: none"> Change in net pension liability and related deferred outflows and inflows Change in net OPEB liability and related deferred outflows and inflows Change in accrued employee benefits 	(95,423) (1,187,311) <u>40,102</u>
Change in net position of governmental activities	\$ <u>(86,155)</u>

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

NASHOBA REGIONAL SCHOOL DISTRICT

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2022

	Other Post- Employment Benefits <u>Trust Fund</u>	Custodial <u>Funds</u>
Assets		
Cash and short-term investments	\$ -	\$ 309,732
Investments in external investment pool	<u>766,037</u>	<u>-</u>
Total Assets	766,037	309,732
 Liabilities		
Warrants payable	<u>-</u>	<u>24,151</u>
Total Liabilities	<u>-</u>	<u>24,151</u>
 Net Position		
Restricted for OPEB purposes	766,037	-
Restricted for individuals and organizations	<u>-</u>	<u>285,581</u>
Total Net Position	\$ <u><u>766,037</u></u>	\$ <u><u>285,581</u></u>

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

NASHOBA REGIONAL SCHOOL DISTRICT

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Other Post- Employment Benefits <u>Trust Fund</u>	Custodial Funds <u>Funds</u>
Additions		
Contributions	\$ 1,262,890	\$ -
Fees collected for students	<u>-</u>	<u>331,365</u>
Total Additions	1,262,890	331,365
 Deductions		
Benefit payments	1,243,812	-
Payments on behalf of students	<u>-</u>	<u>264,965</u>
Total Deductions	<u>1,243,812</u>	<u>264,965</u>
Change in Net Position	19,078	66,400
 Restricted Net Position		
Beginning of year	<u>746,959</u>	<u>219,181</u>
End of year	<u>\$ 766,037</u>	<u>\$ 285,581</u>

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

NASHOBA REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Nashoba 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 the 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 2022, 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 nonfiduciary activities of the primary government. 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Typically, revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, pension, and OPEB costs are recorded as expenditures only when payment is 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 *Revolving Funds* track the District's special revenue revolving funds. 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 *Capital Project Fund* accounts for the District's capital project activity, specifically, the feasibility study through the Massachusetts School Building Authority for the evaluation of a renovation of the existing high school, an addition to the existing high school and/or new high school construction.

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

The District reports the following fiduciary funds:

- The *Other Post-Employment Benefits Trust Fund* is used to accumulate resources for health and dental insurance benefits for retired employees.

- The *Custodial Funds* account for fiduciary assets held by the District in a custodial capacity as an agent on behalf of others. Custodial funds include fees collected on behalf of students.

Cash and Investments

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

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

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

Investments are carried at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

Capital Assets

Capital assets, which include land, land improvements, buildings, machinery and equipment, infrastructure, and vehicles are reported in the in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Land improvements	10 - 20
Buildings	40
Machinery and equipment	5 - 10
Vehicles	5
Infrastructure	20 - 30

Compensated Absences

It is the District’s policy to permit 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 governmental activities Statement of Net Position.

Fund Equity

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

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. This fund balance classification includes General Fund reserves for prepaid expenditures.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds.

- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. This fund balance classification includes special purpose stabilization funds.
- *Assigned* represents amounts that are constrained by the District's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various District departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.
- *Unassigned* represents amounts that are available to be spent in future periods and deficit funds. 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/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

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 that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The School Committee annually determines the amount to be raised (after deducting the amount of anticipated revenue the District expects to receive) to maintain and operate the District during the next fiscal year. The District then calculates the assessments to each member community based on its approved budget and seeks an appropriation in

the amount of that assessment from each community. After assessments are appropriated by each member community that are consistent with the School Committee’s budget (either its initial budget or a budget revised to be consistent with the members’ appropriations), the District Treasurer certifies the assessments to the treasurers of the member communities.

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

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

Assessments of Member Communities

Most capital and operating costs of the District in excess of each town’s net minimum contribution are apportioned to the member towns 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 member towns based on either the above percentage or on a member-specific basis. For the year ended June 30, 2022, the assessments were calculated as follows:

Member Community	Minimum Contribution	Contribution Outside Net Sch. Spending	Additional Contribution	Total Assessments
Bolton	\$ 9,347,864	\$ 6,766,010	\$ 203,749	\$ 16,317,623
Lancaster	7,365,556	6,302,728	177,544	13,845,828
Stow	<u>10,177,963</u>	<u>7,678,177</u>	<u>203,749</u>	<u>18,059,889</u>
Total	\$ <u>26,891,383</u>	\$ <u>20,746,915</u>	\$ <u>585,042</u>	\$ <u>48,223,340</u>

Deficit Fund Equity

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

3. Deposits – District

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 79. MMDT has a maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. The District does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2022, none of the District's bank balance of \$4,428,341 was exposed to custodial credit risk as uninsured and/or uncollateralized. In addition, the District also had \$5,973,399 held in MMDT, which is exempt from custodial credit risk disclosure.

4. Investments – OPEB Trust Fund

All of the OPEB Trust Fund's investments at June 30, 2022 of \$766,037 were invested in an external investment pool – State Retirees Benefits Trust (SRBT Fund).

Custodial Credit Risk

The OPEB Trust Fund does not have formal investment policies related to custodial credit risk of investments. All of the OPEB Trust Fund's investments are exempt from custodial credit risk disclosure as they are invested in the SRBT Fund.

Concentration of Credit Risk

The OPEB Trust Fund does not have formal investment policies related to concentration of credit risk. All of the OPEB Trust Fund's investments are exempt from concentration of credit risk disclosure as they are invested in the SRBT Fund.

Interest Rate Risk

The OPEB Trust Fund does not have formal investment policies related to interest rate risk. All of the OPEB Trust Fund's investments are exempt from interest rate risk disclosure as they are invested in the SRBT Fund.

Fair Value

The OPEB Trust Fund’s investments at June 30, 2022, were in the SRBT Fund which is measured at net asset value and is not subject to fair value measurement. The net asset value (NAV) per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

<u>Investment Type</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	Redemption Frequency (If currently eligible)	Redemption Notice Period
External investment pool - SRBT	\$ <u>766,037</u>	\$ <u>-</u>	Monthly	30 Days

5. Intergovernmental Receivables

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

6. Capital Assets

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital Assets, Being Depreciated:				
Land improvements	\$ 2,822,363	\$ -	\$ -	\$ 2,822,363
Buildings	29,344,193	-	-	29,344,193
Machinery and equipment	863,661	9,315	-	872,976
Vehicles	305,365	31,640	-	337,005
Infrastructure	<u>178,175</u>	<u>-</u>	<u>-</u>	<u>178,175</u>
Total Capital Assets, Being Depreciated	33,513,757	40,955	-	33,554,712
Less Accumulated Depreciation For:				
Land improvements	(1,163,976)	(133,768)	-	(1,297,744)
Buildings	(15,941,094)	(613,993)	-	(16,555,087)
Machinery and equipment	(743,497)	(24,076)	-	(767,573)
Vehicles	(287,224)	(14,834)	-	(302,058)
Infrastructure	<u>(178,175)</u>	<u>-</u>	<u>-</u>	<u>(178,175)</u>
Total Accumulated Depreciation	<u>(18,313,966)</u>	<u>(786,671)</u>	<u>-</u>	<u>(19,100,637)</u>
Capital Assets, Being Depreciated, Net	15,199,791	(745,716)	-	14,454,075
Capital Assets, Not Being Depreciated:				
Land	<u>37,913</u>	<u>-</u>	<u>-</u>	<u>37,913</u>
Total Capital Assets, Not Being Depreciated	<u>37,913</u>	<u>-</u>	<u>-</u>	<u>37,913</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,237,704</u>	<u>\$ (745,716)</u>	<u>\$ -</u>	<u>\$ 14,491,988</u>

7. 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 No. 75, are more fully discussed in the corresponding pension and OPEB notes.

8. Notes Payable

The District had the following note outstanding at June 30, 2022:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 06/30/22</u>
Bond Anticipation Note - HS Feasibility Study	0.52%	11/05/21	11/04/22	\$ <u>800,000</u>

9. Long-Term Debt

General Obligation Bonds and Long-Term Notes Payable

The District issues general obligation bonds and long-term notes to provide funds for the acquisition and construction of major capital projects. General obligation bonds and long-term notes outstanding at June 30, 2022 were as follows:

General Obligation Bonds	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount</u>
<i>Direct placements:</i>				
GOB Refunding Bonds	\$ 3,085,000	06/30/25	2.00-3.00%	\$ 985,000
Athletics Field Renovations	2,210,000	06/30/28	2.00%	<u>870,000</u>
Total general obligation bonds				\$ <u>1,855,000</u>
Long-Term Notes Payable				
<i>Direct borrowings:</i>				
Leach Field Note	\$ 384,000	08/05/22	0.50%	\$ <u>384,000</u>

Future Debt Service

The annual payments to retire all general obligation bonds outstanding as of June 30, 2022 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 480,000	\$ 15,950	\$ 495,950
2024	475,000	13,050	488,050
2025	465,000	10,150	475,150
2026	145,000	7,250	152,250
2027	145,000	4,350	149,350
2028	<u>145,000</u>	<u>1,450</u>	<u>146,450</u>
Total	\$ <u>1,855,000</u>	\$ <u>52,200</u>	\$ <u>1,907,200</u>

The District intends to pay down the long-term note payable by \$48,000 per year over a period of ten years.

Changes in Long-Term Liabilities

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

	<u>Beginning</u>			<u>Ending</u>	<u>Current</u>	<u>Long-Term</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Portion</u>	<u>Portion</u>
Governmental Activities						
Bonds payable	\$ 2,345	\$ -	\$ (490)	\$ 1,855	\$ (480)	\$ 1,375
Notes payable	432	-	(48)	384	(48)	336
Net pension liability	15,135	-	(1,346)	13,789	-	13,789
Net OPEB liability	56,331	-	(8,871)	47,460	-	47,460
Compensated absences liability	<u>156</u>	<u>-</u>	<u>(40)</u>	<u>116</u>	<u>-</u>	<u>116</u>
Total	\$ <u>74,399</u>	\$ <u>-</u>	\$ <u>(10,795)</u>	\$ <u>63,604</u>	\$ <u>(528)</u>	\$ <u>63,076</u>

Long-Term Debt Supporting Governmental Activities

Bonds and long-term notes issued by the District for various projects, as well as all other long-term debt are approved by the School Committee and will be repaid with revenues recorded in the General Fund.

10. 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 expense in future years and are more fully described in the corresponding pension and OPEB notes.

11. Governmental Funds – Fund Balances

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

	General Fund	Revolving Funds	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenses	\$ 2,675	\$ -	\$ -	\$ -	\$ 2,675
Total Nonspendable	2,675	-	-	-	2,675
Restricted					
Grants	-	-	-	858,840	858,840
Revolving funds	-	1,774,578	-	-	1,774,578
Total Restricted	-	1,774,578	-	858,840	2,633,418
Committed					
Stabilization - turf and track *	50,000	-	-	-	50,000
Total Committed	50,000	-	-	-	50,000
Assigned					
Encumbrances:					
Administration	8,359	-	-	-	8,359
Instruction	389,841	-	-	-	389,841
Other school services	241,605	-	-	-	241,605
Operations and maintenance	42,965	-	-	-	42,965
Insurance and benefits	40,595	-	-	-	40,595
Other expenditures	34,831	-	-	-	34,831
Reserved for expenditures	1,200,000	-	-	-	1,200,000
Total Assigned	1,958,196	-	-	-	1,958,196
Unassigned					
General Fund	1,514,053	-	-	-	1,514,053
Deficit funds	-	-	(154,517)	(267,439)	(421,956)
Total Unassigned	1,514,053	-	(154,517)	(267,439)	1,092,097
Total Fund Balances	\$ 3,524,924	\$ 1,774,578	\$ (154,517)	\$ 591,401	\$ 5,736,386

* Massachusetts General Laws, Chapter 40, Section 5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.

12. Restricted Net Position

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

<u>Type of Fund</u>	<u>Amount</u>
Deficit grants	\$ (267,439)
Other grants	87,638
Circuit breaker	1,285,062
School choice	122,476
School lunch	689,673
Extended day revolving	124,714
Other revolving	<u>323,855</u>
Total	\$ <u>2,365,979</u>

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

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee’s individual contribution percentage is determined by their date of

entry into the System. In addition, all employees hired after January 1, 1979, contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

Participant Retirement Benefits

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

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012, and the highest five-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 10 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

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

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

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

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

Methods of Payment

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

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

Participant Refunds

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

Employer Contributions

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

The District's contribution to the System for the year ended June 30, 2022 was \$1,210,965, 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 System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$13,788,983 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to the measurement date of December 31, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 1.637%, which was a decrease of (0.066)% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,306,388. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (1,945,399)
Changes in proportion and differences between pension contributions and proportionate share of contributions	-	(552,360)
Difference between expected and actual experience	-	(288,395)
Changes in assumptions	<u>1,185,683</u>	<u>-</u>
Total	<u>\$ 1,185,683</u>	<u>\$ (2,786,154)</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:

<u>Year Ended June 30:</u>	<u>Amount</u>
2023	\$ (232,607)
2024	(656,922)
2025	(432,712)
2026	(304,327)
2027	<u>26,097</u>
Total	<u>\$ (1,600,471)</u>

Actuarial Assumptions

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

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

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

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 expected inflation rate. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2021 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the 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.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District’s proportionate

share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Current	
1% Decrease	Discount Rate	1% Increase
<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
\$ 17,393,766	\$ 13,788,983	\$ 10,743,025

Pension Plan Fiduciary Net Position

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

14. Massachusetts Teachers’ Retirement System (MTRS)

Plan Description

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

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establish 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 three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service and group classification. The authority for amending these provisions rests with the Legislature.

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

MTRS' funding policies have been established by Chapter 32 of the 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 creditable service.

Actuarial Assumptions

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

- (a) 7.00% (changed from 7.15%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund, and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 – 2020.

- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.0%	4.8%
Core fixed income	15.0%	0.3%
Private equity	13.0%	7.8%
Portfolio completion strategies	11.0%	2.9%
Real estate	10.0%	3.7%
Value added fixed income	8.0%	3.9%
Timber/natural resources	4.0%	4.3%
Total	<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’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

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

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

Special Funding Situation

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

District Proportions

In fiscal year 2021 (the most recent measurement period), the District’s proportionate share of the MTRS’ collective net pension liability was approximately \$89.4 million based on a proportionate share of 0.393%. As required by GASB 68, the District has recognized its portion of the Commonwealth’s contribution of approximately \$6.9 million as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of approximately \$7.2 million as both a revenue and expense on the Statement of Activities.

15. Other Post-Employment Benefits

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2018, the District established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

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

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

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 insurance coverage through the MIIA health benefits trust. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The District provides healthcare and dental benefits 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

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

Inactive employees or beneficiaries	
currently receiving benefit payments	372
Active employees	<u>372</u>
Total	<u><u>744</u></u>

Investments

The OPEB Trust Fund’s assets are invested in an external investment pool – State Retirement Benefits Trust (SRBT Fund).

Rate of return. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was not available.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25%
Salary increases	6.00% decreasing to 4.25% based on service for Non-Teachers 7.50% decreasing to 4.00% based on service for Teachers
Investment rate of return	7.00%
Discount rate	3.54%
Healthcare cost trend rates	7.0% then decreasing by 0.25% down to 4.50% for medical 3.5% for dental 4.5% for Medicare Part B
Retirees' share of benefit-related costs	50%
Participation rate	85% of covered employees

Mortality rates were as follows:

- Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021.
- Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
- Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with MP-2021.
- Pre-Retirement (Teachers): Pub-2010 Teacher Employee Headcount-weighted Mortality Table projected generationally with Scale MP-2021.
- Healthy (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-weighted Mortality Table projected generationally with Scale MP-2021.
- Disabled (Teachers): Pub-2010 Teachers Healthy Retiree Headcount-weighted Mortality Table projected generationally with Scale MP-2021.

Target Allocations

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.00%	6.11%
International developed markets equity	11.50%	6.49%
International emerging markets equity	4.50%	8.12%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.48%
Real estate	10.00%	3.72%
Timber	4.00%	3.44%
Hedge fund, GTAA, Risk parity	10.00%	2.63%
Private equity	<u>15.00%</u>	9.93%
Total	<u>100.00%</u>	

Contributions

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

Discount Rate

Based on the assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members and therefore the discount rate used was 3.54% and was equal to the Bond Buyer 20-Bond General Obligation Index (municipal bond rate) as of June 30, 2022. 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.

Net OPEB Liability

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

Total OPEB liability	\$ 48,225,693
Plan fiduciary net position	<u>(766,037)</u>
Net OPEB liability	<u>\$ 47,459,656</u>
Plan fiduciary net positions as a percentage of the total OPEB liability	1.59%

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.

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	\$ 57,078,243	\$ 746,959	\$ 56,331,284
Changes for the year:			
Service cost	2,706,282	-	2,706,282
Interest	1,277,984	-	1,277,984
Contributions - employer	-	1,293,812	(1,293,812)
Net investment income (loss)	-	(30,922)	30,922
Differences between expected and actual experience	2,143,449	-	2,143,449
Changes of assumptions	(13,736,453)	-	(13,736,453)
Benefit payments	<u>(1,243,812)</u>	<u>(1,243,812)</u>	<u>-</u>
Net Changes	<u>(8,852,550)</u>	<u>19,078</u>	<u>(8,871,628)</u>
Balances, end of year	\$ <u>48,225,693</u>	\$ <u>766,037</u>	\$ <u>47,459,656</u>

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$55,577,596	\$47,459,656	\$40,947,033

16. Commitments and Contingencies

Grants

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

Encumbrances

At year-end the District’s General Fund had \$758,196 in encumbrances that will be honored in the next fiscal year.

17. Beginning Fund Balance Reclassification

The District’s major governmental funds for fiscal year 2022 as defined by GASB Statement No. 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Balance 06/30/21 (as previously <u>reported</u>)	<u>Reclassification</u>	Fund Balance 06/30/21 (as reclassified)
Nonmajor governmental funds	\$ 275,963	\$ (229,061)	\$ 46,902
Grant funds	(219,832)	219,832	-
Capital project fund	<u>-</u>	<u>9,229</u>	<u>9,229</u>
Total	<u>\$ 56,131</u>	<u>\$ -</u>	<u>\$ 56,131</u>

18. Subsequent Events

Management has evaluated subsequent events through May 23, 2023, which is the date the financial statements were available to be issued.

Debt

Subsequent to June 30, 2022, the District rolled the note payable:

<u>Purpose</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Bond anticipation note - HS feasibility study	\$ 850,000	4.46%	11/04/22	11/02/23

19. New Pronouncements

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

NASHOBA REGIONAL SCHOOL DISTRICT

Required Supplementary Information
General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual
For the Year Ended June 30, 2022

(Unaudited)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	Positive (Negative)
Revenues				
Assessments to members	\$ 48,223,340	\$ 48,223,340	\$ 48,223,340	\$ -
Intergovernmental	9,629,601	9,629,601	9,743,977	114,376
Investment income	150,000	150,000	16,486	(133,514)
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>149,001</u>	<u>129,001</u>
Total Revenues	58,022,941	58,022,941	58,132,804	109,863
Expenditures				
Administration	1,300,416	1,300,416	1,305,936	(5,520)
Instruction	37,272,083	37,268,339	36,364,811	903,528
Other school services	4,048,503	4,052,247	3,869,151	183,096
Operations and maintenance	4,103,868	4,103,868	4,528,935	(425,067)
Insurance and benefits	9,316,464	9,316,464	8,940,529	375,935
Other expenditures	2,546,565	2,546,565	2,241,340	305,225
Debt service	<u>585,042</u>	<u>585,042</u>	<u>562,543</u>	<u>22,499</u>
Total Expenditures	<u>59,172,941</u>	<u>59,172,941</u>	<u>57,813,245</u>	<u>1,359,696</u>
Excess (Deficiency) of Revenues over Expenditures	(1,150,000)	(1,150,000)	319,559	1,469,559
Other Financing Sources (Uses)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Use of excess and deficiency:				
Operating budget	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>(1,200,000)</u>
Total Other Financing Sources (Uses)	<u>1,150,000</u>	<u>1,150,000</u>	<u>(50,000)</u>	<u>(1,200,000)</u>
Overall Budgetary Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,559</u>	<u>\$ 269,559</u>

See Independent Auditor's Report and Notes to Required Supplementary Information.

**Notes to Required Supplementary Information
for General Fund Budget**

Budgetary Basis

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

Budget/GAAP Reconciliation

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

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 65,013,520	\$ 64,664,461	\$ -
Remove effect of combining stabilization and General Fund	-	(144,360)	(50,000)
Reverse beginning of year appropriation carryforwards from expenditures	-	(584,336)	-
Add end-of-year appropriation carryforwards to expenditures	-	758,196	-
To reverse the effect of non-budgeted State contributions for teachers' retirement	<u>(6,880,716)</u>	<u>(6,880,716)</u>	<u>-</u>
Budgetary Basis	<u>\$ 58,132,804</u>	<u>\$ 57,813,245</u>	<u>\$ (50,000)</u>

See Independent Auditor's Report.

NASHOBA REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
(Unaudited)

Worcester Regional Retirement System						
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2022	December 31, 2021	1.637621%	\$ 13,788,983	\$ 6,571,236	209.8%	56.2%
June 30, 2021	December 31, 2020	1.703632%	\$ 15,135,073	\$ 6,894,047	219.5%	50.3%
June 30, 2020	December 31, 2019	1.707756%	\$ 15,201,248	\$ 6,423,956	236.6%	47.4%
June 30, 2019	December 31, 2018	1.758719%	\$ 15,947,398	\$ 6,016,656	265.1%	43.1%
June 30, 2018	December 31, 2017	1.771049%	\$ 14,441,629	\$ 6,360,163	227.1%	46.4%
June 30, 2017	December 31, 2016	1.582927%	\$ 13,258,496	\$ 6,915,075	191.7%	42.0%
June 30, 2016	December 31, 2015	1.595410%	\$ 11,324,325	\$ 6,391,445	177.2%	44.5%
June 30, 2015	December 31, 2014	1.845627%	\$ 10,982,732	\$ 6,145,620	178.7%	47.9%

Massachusetts Teachers' Retirement System								
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the District	Total Net Pension Liability Associated with the District	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2022	June 30, 2021	0.393525%	\$ -	\$ 89,357,209	\$ 89,357,209	\$ 30,521,751	- %	62.03
June 30, 2021	June 30, 2020	0.392930%	\$ -	\$ 112,161,179	\$ 112,161,179	\$ 29,771,391	- %	50.67
June 30, 2020	June 30, 2019	0.393544%	\$ -	\$ 99,228,204	\$ 99,228,204	\$ 28,638,779	- %	53.95
June 30, 2019	June 30, 2018	0.398716%	\$ -	\$ 94,540,768	\$ 94,540,768	\$ 28,638,763	- %	54.84
June 30, 2018	June 30, 2017	0.395613%	\$ -	\$ 90,537,669	\$ 90,537,669	\$ 28,003,212	- %	54.25
June 30, 2017	June 30, 2016	0.392449%	\$ -	\$ 87,743,467	\$ 87,743,467	\$ 26,866,603	- %	52.73
June 30, 2016	June 30, 2015	0.391548%	\$ -	\$ 80,226,884	\$ 80,226,884	\$ 25,806,831	- %	55.38
June 30, 2015	June 30, 2014	0.388253%	\$ -	\$ 61,718,049	\$ 61,718,049	\$ 24,818,459	- %	61.64

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

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

See Independent Auditor's Report.

NASHOBA REGIONAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Worcester Regional Retirement System

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the			Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Contribution Deficiency (Excess)			
June 30, 2022	\$ 1,210,965	\$ 1,210,965	\$ -	\$ 6,571,236	18.4%	
June 30, 2021	\$ 1,146,017	\$ 1,146,017	\$ -	\$ 6,894,047	16.6%	
June 30, 2020	\$ 1,039,818	\$ 1,039,818	\$ -	\$ 6,423,956	16.2%	
June 30, 2019	\$ 979,158	\$ 979,158	\$ -	\$ 6,016,656	16.3%	
June 30, 2018	\$ 896,139	\$ 896,139	\$ -	\$ 6,360,163	14.1%	
June 30, 2017	\$ 768,904	\$ 768,904	\$ -	\$ 6,915,075	11.1%	
June 30, 2016	\$ 717,712	\$ 717,712	\$ -	\$ 6,391,445	11.2%	
June 30, 2015	\$ 729,374	\$ 729,374	\$ -	\$ 6,145,620	11.9%	

Massachusetts Teachers' Retirement System

Fiscal Year	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the			Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Contribution Deficiency (Excess)			
June 30, 2022	\$ 6,880,716	\$ 6,880,716	\$ -	\$ 30,521,751	22.5%	
June 30, 2021	\$ 6,103,900	\$ 6,103,900	\$ -	\$ 29,771,391	20.5%	
June 30, 2020	\$ 5,681,631	\$ 5,681,631	\$ -	\$ 28,638,779	19.8%	
June 30, 2019	\$ 5,242,254	\$ 5,242,254	\$ -	\$ 28,638,763	18.3%	
June 30, 2018	\$ 4,887,863	\$ 4,887,863	\$ -	\$ 28,003,212	17.5%	
June 30, 2017	\$ 4,413,415	\$ 4,413,415	\$ -	\$ 26,866,603	16.4%	
June 30, 2016	\$ 4,001,351	\$ 4,001,351	\$ -	\$ 25,806,831	15.5%	
June 30, 2015	\$ 3,639,402	\$ 3,639,402	\$ -	\$ 24,818,459	14.7%	

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NASHOBA REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 2,706,282	\$ 2,875,273	\$ 2,320,516	\$ 2,041,539	\$ 2,131,226
Interest	1,277,984	1,391,533	1,752,222	1,720,586	1,574,791
Differences between expected and actual experience	2,143,449	-	790,973	-	-
Changes of assumptions	(13,736,453)	(6,656,202)	8,668,063	2,718,253	(2,018,216)
Benefit payments, including refunds of member contributions	<u>(1,243,812)</u>	<u>(1,238,040)</u>	<u>(1,138,141)</u>	<u>(1,161,686)</u>	<u>(1,093,953)</u>
Net change in total OPEB liability	(8,852,550)	(3,627,436)	12,393,633	5,318,692	593,848
Total OPEB liability - beginning	<u>57,078,243</u>	<u>60,705,679</u>	<u>48,312,046</u>	<u>42,993,354</u>	<u>42,399,506</u>
Total OPEB liability - ending (a)	48,225,693	57,078,243	60,705,679	48,312,046	42,993,354
Plan Fiduciary Net Position					
Contributions - employer	1,293,812	1,388,040	1,238,141	1,238,196	1,193,953
Net investment income (loss)	(30,922)	146,357	8,825	15,267	-
Benefit payments, including refunds of member contributions	<u>(1,243,812)</u>	<u>(1,238,040)</u>	<u>(1,138,141)</u>	<u>(1,161,686)</u>	<u>(1,093,953)</u>
Net change in plan fiduciary net position	19,078	296,357	108,825	91,777	100,000
Plan fiduciary net position - beginning	<u>746,959</u>	<u>450,602</u>	<u>341,777</u>	<u>250,000</u>	<u>150,000</u>
Plan fiduciary net position - ending (b)	<u>766,037</u>	<u>746,959</u>	<u>450,602</u>	<u>341,777</u>	<u>250,000</u>
Net OPEB liability (asset) - ending (a-b)	<u>\$ 47,459,656</u>	<u>\$ 56,331,284</u>	<u>\$ 60,255,077</u>	<u>\$ 47,970,269</u>	<u>\$ 42,743,354</u>

Schedule is 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 Auditor's Report.

NASHOBA REGIONAL SCHOOL DISTRICT

Required Supplementary Information
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Net OPEB Liability					
Total OPEB liability	\$ 48,225,693	\$ 57,078,243	\$ 60,705,679	\$ 48,312,046	\$ 42,993,354
Plan fiduciary net position	<u>(766,037)</u>	<u>(746,959)</u>	<u>(450,602)</u>	<u>(341,777)</u>	<u>(250,000)</u>
Net OPEB liability (asset)	\$ 47,459,656	\$ 56,331,284	\$ 60,255,077	\$ 47,970,269	\$ 42,743,354
Plan fiduciary net position as a percentage of the total OPEB liability	1.59%	1.31%	0.74%	0.71%	0.58%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Contributions					
Actuarially determined contribution	\$ 2,176,924	\$ 2,354,716	\$ 2,286,847	\$ 2,217,566	\$ 2,132,734
Contributions in relation to the actuarially determined contribution	<u>(1,293,812)</u>	<u>(1,388,040)</u>	<u>(1,238,141)</u>	<u>(1,488,496)</u>	<u>(1,093,953)</u>
Contribution deficiency	\$ <u>883,112</u>	\$ <u>966,676</u>	\$ <u>1,048,706</u>	\$ <u>729,070</u>	\$ <u>1,038,781</u>
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Investment Returns					
Annual money weighted rate of return, net of investment expense	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

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