

**EASTERN HIGHLANDS HEALTH DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

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**EASTERN HIGHLANDS HEALTH DISTRICT  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Eastern Highlands Health District  
Mansfield, Connecticut

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Eastern Highlands Health District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Eastern Highlands Health District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Eastern Highlands Health District, as of June 30, 2023, the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

During fiscal year ended June 30, 2023, the Eastern Highlands Health District adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The guidance requires the recognition of a Subscription Based Information Technology Arrangement asset and corresponding liability. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eastern Highlands Health 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 Eastern Highlands Health District's ability to continue as a going concern for a reasonable period of time.

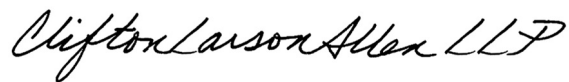
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Required Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of Eastern Highlands Health 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 Eastern Highlands Health District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Highlands Health District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
December 15, 2023



Eastern Highlands Health District

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023**

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Management of the Eastern Highlands Health District (the District) offers readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

### **Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$893,911 (*net position*). Of this amount, \$760,887 (*unrestricted net position*) may be used to meet the District's ongoing obligations to creditors.
- The District's total net position increased by \$50,200. The increase in net position is primarily due to the District's governmental funds loss of \$58,335, offset by a net increase in capital assets of \$12,758, recognition of non-current grant receivables in the amount of \$71,142 and that an increase in subscription based information technology debt of \$20,356.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$747,085, a decrease of \$58,335 in comparison with the prior year. Of combined fund balances, \$530,640 is *available for spending* at the District's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$601,782 or 60.2% of total General Fund expenditures and transfers out.

### **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the 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 (e.g., earned but unused vacation leave).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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***Fund Financial Statements*** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

***Governmental Funds*** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Health Grants Fund and Capital Projects Fund, all of which are considered to be major funds.

The General Fund is the general operating fund of the District and operates under a budget. Annually, the budget is voted upon by District Board Members. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

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

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. In the case of District, assets exceeded liabilities by \$893,911 at the close of the most recent fiscal year.

Of the net position, \$133,024 reflects the District's investment in capital assets (e.g., office equipment and vehicles). These assets are not available for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**EASTERN HIGHLANDS HEALTH DISTRICT  
NET POSITION  
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 886,303	\$ 965,236
Capital assets, net of accumulated depreciation and amortization	133,024	99,910
Total assets	<u>1,019,327</u>	<u>1,065,146</u>
Deferred outflows of resources	814	840
Long-term liabilities outstanding	53,015	54,982
Other liabilities	68,076	159,816
Total liabilities	<u>121,091</u>	<u>214,798</u>
Deferred inflows of resources	5,139	7,477
Net Position:		
Investment in Capital Assets	133,024	99,910
Unrestricted	<u>760,887</u>	<u>743,801</u>
Total Net Position	<u>\$ 893,911</u>	<u>\$ 843,711</u>

At the end of the current fiscal year, the District is able to report positive balances in both of the categories of net position.

**Governmental Activities** - The District's net position increased by \$50,200 during the current fiscal year. The District had loss in their governmental funds of \$58,335 based on current year operations. This loss was offset by a net increase in capital assets of \$12,758, recognition of non-current grant receivables in the amount of \$71,142 and that an increase in subscription based information technology debt of \$20,356.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**EASTERN HIGHLANDS HEALTH DISTRICT  
CHANGE IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 212,155	\$ 222,950
Operating grants and contributions	517,250	448,186
General revenues:		
Assessment to member towns	451,521	464,475
Sale of assets	9,250	5,200
Total revenues	<u>1,190,176</u>	<u>1,140,811</u>
Expenses:		
Health services	<u>1,139,976</u>	<u>1,085,080</u>
Change in net position	50,200	55,731
Net position - July 1	<u>843,711</u>	<u>787,980</u>
Net Position - June 30	<u>\$ 893,911</u>	<u>\$ 843,711</u>

- Charges for services decreased from the prior year by \$10,795 or 4.8%, primarily due to a decrease in septic permits (\$11,872).
- Operating grants and contributions increased by \$69,064, primarily due to the receipt of following grants:
  - ELC1-BP2 Enhancing Detection Grant for \$229,418
  - Public Health Emergency Response for \$52,250
  - State Grant in Aid for \$208,107
- Assessment to member towns showed a decrease of \$12,954.
- Health services expenditures increased by \$54,896, primarily due to the increased amount of grants received by the District.

**Financial Analysis of the District's Funds**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$747,085, a decrease of \$58,335 in comparison with the prior year. Of the ending fund balances, \$530,640 constitutes unassigned fund balance, which is available for spending at the District's discretion.

The General Fund is the operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$601,782.

The fund balance of the District's General Fund decreased by \$73,526 during the current fiscal year. The key factors in this decrease is the transfer to the Capital Projects fund of \$128,000 offset by excess revenues received of \$15,817 and budgetary expenditure savings of \$53,017.

The Capital Projects Fund has a total fund balance of \$216,445, all of which is restricted for capital projects. Capital outlay was \$47,917 during the fiscal year due to the purchase of a new vehicle. This purchase was offset by a transfer in from the General Fund for future capital purposes.

**General Fund Budgetary Highlights**

During the year, expenditures were less than budgetary estimates by \$53,017. The key factors are a reduction in salary and benefit costs of \$68,450 primarily due to unfilled vacancies and grant funding. This was offset by an increase in professional services and audit fees.

Of the budgeted use of fund balance of \$17,360, \$73,526 was actually spent based on the transfer of \$128,000 to the Capital Projects Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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**Capital Assets**

**Capital Assets** - The District's investment in capital assets for its governmental activities as of June 30, 2023 amounts to \$133,024 (net of accumulated depreciation/amortization). This investment in capital assets includes office equipment and vehicles and subscription based information technology. Depreciation and Amortization expense was \$36,637 for the year. Vehicle asset disposals this year were \$212, net. There were three asset acquisition: a computer, and two vehicles.

**EASTERN HIGHLANDS HEALTH DISTRICT CAPITAL ASSETS  
(NET OF DEPRECIATION/AMORTIZATION)**

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	<u>2023</u>	<u>2022</u>
Office equipment	\$ 70,243	\$ 78,123
Vehicles	59,873	21,787
Subscription Based Information Technology	<u>2,908</u>	<u>20,356</u>
Total	<u>\$ 133,024</u>	<u>\$ 120,266</u>

**Economic Factors and Next Year's Budgets and Rates**

The facilities and offices of the District are located east of Hartford, Connecticut. The District is one of 20 local health districts in the state of Connecticut. Established on June 6, 1997, it now serves the towns of Andover, Ashford, Bolton, Chaplin, Columbia, Coventry, Scotland, Tolland, Willington and Mansfield, with a total district population of 79,423. The main District office is located in the town of Mansfield.

The budget for fiscal year 2024 was passed by its Board of Directors on December 14, 2023 for \$1,010,076. We anticipate being able to operate according to the Board's Adopted Budget for fiscal year 22/23.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Amanda L. Backhaus, Director of Finance, Town of Mansfield, 4 South Eagleville Road, Mansfield, CT 06268.

**EASTERN HIGHLANDS HEALTH DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 814,276
Accounts Receivable	72,027
Total Current Assets	<u>886,303</u>
<b>NONCURRENT ASSETS</b>	
Capital Assets Being Depreciated (Net of Accumulated Depreciation):	
Office Equipment	70,243
Vehicles	59,873
Subscription Based Information Technology Assets (Net of Accumulated Amortization)	2,908
Total Noncurrent Assets	<u>133,024</u>
Total Assets	1,019,327
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources Related to OPEB	814
Total Deferred Outflows of Resources and Assets	<u>\$ 1,020,141</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 1,252
Accrued Liabilities	52,902
Unearned Revenue	13,922
Compensated Absences, Due Within One Year	8,270
Total Current Liabilities	<u>76,346</u>
<b>NONCURRENT LIABILITIES</b>	
Compensated Absences, Due in More Than One Year	33,082
Total OPEB Liability	11,663
Total Noncurrent Liabilities	<u>44,745</u>
Total Liabilities	121,091
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Resources Related to OPEB	5,139
<b>NET POSITION</b>	
Investment in Capital Assets	133,024
Unrestricted	760,887
Total Net Position	<u>893,911</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,020,141</u>

See accompanying Notes to Financial Statements.



EASTERN HIGHLANDS HEALTH DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Major Funds			Total Governmental Funds
	General	Health Grants	Capital Projects	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 597,831	\$ -	\$ 216,445	\$ 814,276
Due from Other Funds	55,912	-	-	55,912
Accounts Receivable	885	71,142	-	72,027
Total Assets	<u>\$ 654,628</u>	<u>\$ 71,142</u>	<u>\$ 216,445</u>	<u>\$ 942,215</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts and Other Payables	\$ 1,252	\$ -	\$ -	\$ 1,252
Accrued Liabilities	51,594	1,308	-	52,902
Due to Other Funds	-	55,912	-	55,912
Unearned Revenue	-	13,922	-	13,922
Total Liabilities	<u>52,846</u>	<u>71,142</u>	<u>-</u>	<u>123,988</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Grants	<u>-</u>	<u>71,142</u>	<u>-</u>	<u>71,142</u>
<b>FUND BALANCES</b>				
Committed	-	-	216,445	216,445
Unassigned	601,782	(71,142)	-	530,640
Total Fund Balances	<u>601,782</u>	<u>(71,142)</u>	<u>216,445</u>	<u>747,085</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 654,628</u>	<u>\$ 71,142</u>	<u>\$ 216,445</u>	<u>\$ 942,215</u>

See accompanying Notes to Financial Statements.

EASTERN HIGHLANDS HEALTH DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023

Fund Balances - Total Governmental Funds		\$	747,085
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Governmental Capital Assets		\$	328,368
Less: Accumulated Depreciation and Amortization			<u>(195,344)</u>
Net Capital Assets			133,024
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:			
Deferred outflows of resources related to OPEB			814
Grant Receivables Greater than 60 Days			71,142
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Compensated Absences			(41,352)
Deferred Inflows of Resources Related to OPEB			(5,139)
Total OPEB Liability			<u>(11,663)</u>
Net Position of Governmental Activities		\$	<u>893,911</u>

See accompanying Notes to Financial Statements.

**EASTERN HIGHLANDS HEALTH DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

	Major Funds			Total Governmental Funds
	General	Health Grants	Capital Projects	
<b>REVENUES</b>				
Member Town Contributions	\$ 451,521	\$ 8,226	\$ -	\$ 459,747
Intergovernmental	206,500	239,209	-	445,709
Septic Permits	55,770	-	-	55,770
Well Permits	14,250	-	-	14,250
B100a Building Permit Review	29,460	-	-	29,460
Soil Testing Service	36,125	-	-	36,125
Engineered Plan Review	35,940	-	-	35,940
Food Protection Service	80,811	-	-	80,811
Other Health Services	3,992	-	-	3,992
Cosmetology Inspections	6,575	-	-	6,575
Group Home/Daycare Inspection	770	-	-	770
Subdivision Review	1,375	-	-	1,375
Food Plan Review	3,230	-	-	3,230
Sales of Assets	-	-	6,250	6,250
Total Revenues	926,319	247,435	6,250	1,180,004
<b>EXPENDITURES</b>				
Current:				
Payroll and Benefits	744,293	268,584	-	1,012,877
Other Purchased Services	85,270	6,960	-	92,230
Liability Insurance	14,001	-	-	14,001
Supplies and Services	11,661	15,390	-	27,051
Repairs and Maintenance	6,157	-	-	6,157
Other	10,463	27,643	-	38,106
Capital Outlay	-	-	47,917	47,917
Total Expenditures	871,845	318,577	47,917	1,238,339
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	54,474	(71,142)	(41,667)	(58,335)
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Transfers In	-	-	128,000	128,000
Transfers Out	(128,000)	-	-	(128,000)
Total Other Financing Sources (Uses)	(128,000)	-	128,000	-
<b>NET CHANGE IN FUND BALANCES</b>	(73,526)	(71,142)	86,333	(58,335)
Fund Balance - Beginning of Year	675,308	-	130,112	805,420
<b>FUND BALANCE - END OF YEAR</b>	\$ 601,782	\$ (71,142)	\$ 216,445	\$ 747,085

See accompanying Notes to Financial Statements.



**EASTERN HIGHLANDS HEALTH DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$	(58,335)
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Amounts reported for governmental activities in the statement of activities are different because:

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. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital Outlay		49,607
Depreciation and Amortization Expense		(36,637)
Loss on Disposal of Capital Assets		(212)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred outflows of resources related to OPEB		(26)
Grant Receivables Greater than 60 Days		71,142

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Subscription Based Information Technology Payments		20,356
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences		3,329
Change in Deferred Inflows of Resources Related to OPEB		2,338
Change in Total OPEB Liability		(1,362)

Change in Net Position of Governmental Activities	\$	<u>50,200</u>
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**EASTERN HIGHLANDS HEALTH DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Member Town Contributions	\$ 464,620	\$ 451,502	\$ 451,521	\$ 19
Intergovernmental	206,500	206,500	206,500	-
Septic Permits	48,950	48,950	55,770	6,820
Well Permits	12,590	12,590	14,250	1,660
B100a Building Permit Review	18,480	18,480	29,460	10,980
Soil Testing Service	48,830	48,830	36,125	(12,705)
Engineered Plan Review	28,150	28,150	35,940	7,790
Food Protection Service	80,000	80,000	80,811	811
Group Home/Daycare Inspection	1,200	1,200	770	(430)
Subdivision Review	1,500	1,500	1,375	(125)
Food Plan Review	2,500	2,500	3,230	730
Other Health Services	3,500	3,500	3,992	492
Cosmetology Inspections	6,800	6,800	6,575	(225)
Total Revenues	923,620	910,502	926,319	15,817
<b>EXPENDITURES</b>				
Current:				
Regular Salaries - Nonunion	585,221	585,221	538,371	(46,850)
Social Security	40,560	40,560	48,472	7,912
Workers' Compensation	11,000	11,000	9,306	(1,694)
Unemployment Compensation	-	-	-	-
Medicare	9,485	9,485	11,336	1,851
Salary Related Benefits	-	-	(21,600)	(21,600)
ICMA	33,354	33,354	33,101	(253)
Life Insurance	2,830	2,830	2,334	(496)
Medical Insurance	156,610	122,275	122,275	-
Long-Term Disability Insurance	697	697	698	1
RHS Contribution	2,400	2,400	2,486	86
Dues and Subscriptions	2,100	2,100	1,707	(393)
Training	3,500	3,500	1,151	(2,349)
Mileage Reimbursement	600	600	50	(550)
Vehicle Allowance	5,400	5,400	5,399	(1)
Professional and Technical	7,845	7,845	19,413	11,568
Legal	3,000	3,000	760	(2,240)
Audit Expense	6,900	6,900	7,500	600
Vehicle Repair and Maintenance	2,500	2,500	5,482	2,982
General Liability	14,800	14,800	14,001	(799)
Advertising	1,000	1,000	498	(502)
Printing and Binding	1,150	1,150	1,539	389

See accompanying Notes to Financial Statements.

**EASTERN HIGHLANDS HEALTH DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES (CONTINUED)</b>				
Postage	\$ 1,500	\$ 1,500	\$ 1,539	\$ 39
Copier Maintenance Fees	1,000	1,000	675	(325)
Contracted Services	20,475	20,475	20,475	-
Voice Communications	4,850	4,850	4,602	(248)
Instructional Supplies	800	800	300	(500)
Books and Periodicals	200	200	-	(200)
Supplies	2,000	2,000	1,735	(265)
Gasoline	2,500	2,500	3,845	1,345
Office Equipment	3,000	3,000	2,205	(795)
Equipment - Other	600	600	870	270
Administrative Overhead	31,320	31,320	31,320	-
Total Expenditures	959,197	924,862	871,845	(53,017)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(35,577)	(14,360)	54,474	68,834
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Appropriation of Fund Balance	38,577	17,360	-	(17,360)
Transfers Out	(3,000)	(3,000)	(128,000)	(125,000)
Total Other Financing Sources (Uses)	35,577	14,360	(128,000)	(142,360)
<b>NET CHANGE IN FUND BALANCES</b>	\$ -	\$ -	(73,526)	\$ (73,526)
Fund Balances at Beginning of Year			675,308	
<b>FUND BALANCE - END OF YEAR</b>			\$ 601,782	

See accompanying Notes to Financial Statements.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Eastern Highlands Health District (the District) was formed in June 1997 as a cooperative effort to create a regional, full-time professional health department and consists of the following member towns in the state of Connecticut: Andover, Ashford, Bolton, Chaplin, Columbia, Coventry, Mansfield, Scotland, Tolland, and Willington. The board of directors of the District consists of appointed representatives from each member town. The District provides a wide range of public health services for its member towns. The services are funded by local assessments, federal and state grants, and direct charges for specific services.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Government-Wide and Fund 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 activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by member town assessments and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 town assessments and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Member town assessments, expenditure reimbursement type grants, certain intergovernmental revenues, and transfers associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *General Fund* is the government'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 *Health Grants Fund* accounts for the grants activity of the District. The major source of revenue for this fund is governmental grants.

The *Capital Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases. The major source of revenue for this fund is transfers from the General Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned, then unassigned.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Receivables**

Intergovernmental receivables are considered to be fully collectible, and no allowance has been recorded.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Office Equipment	5 to 10 Years
Vehicles	6 to 10 Years

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the subscription term.

**Compensated Absences**

A limited amount of vacation earned may be accumulated by employees until termination of their employment, at which time they are paid for accumulated vacation. Sick time does not vest.

**Long-Term Obligations**

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Total Other Postemployment Benefits Other than Pensions (OPEB) Liability**

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows related to OPEB in the government-wide statement of net position. A deferred outflow of resources related to OPEB results from differences between expected and actual experience, changes in assumptions, or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resources related to OPEB in the government-wide statement of net position. A deferred inflow of resources related to OPEB results from differences between expected and actual experience, changes in assumptions, or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner.

**Interfund Transfers**

Transfers are for regularly recurring operational transfers that are appropriated in the General Fund and paid to other funds during the year.

**Fund Equity and Net Position**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net position is classified into the following categories:

*Investment in Capital Assets:* This category presents the net position that reflects the value of capital assets, net of accumulated depreciation.

*Unrestricted Net Position:* This category presents the net position of the District that is not restricted.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Equity and Net Position (Continued)**

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

*Nonspendable Fund Balance:* This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

*Restricted Fund Balance:* This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

*Committed Fund Balance:* This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Eastern Highlands Health District board of directors).

*Assigned Fund Balance:* This represents amounts constrained for the intent to be used for a specific purpose by the Director of Health.

*Unassigned Fund Balance:* This represents fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resource (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities and reported revenues, expenses, and expenditures during the fiscal year. Actual results could differ from those estimates.



**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The District adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the Government reporting a SBITA asset and a SBITA liability as disclosed in Note 3.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The District adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget.

Annually, the budget is voted upon by District board members.

The District board may amend the budget. A public hearing is required if the per capita costs to the member towns increase as a result of the amendment. With the exception of payroll, Social Security, workers' compensation, Medicare, retirement, health insurance, and life insurance, the Director of Health may make necessary line item transfers in the operating portion of the budget without board approval, provided the total operating portion of the budget does not increase. Transfers greater than \$5,000 shall be reported to the finance committee. Changes in payroll, Social Security, workers' compensation, Medicare, retirement, health insurance, and life insurance line items shall be approved by the finance committee. There were no additional appropriations this year.

Formal budgetary integration is employed as a management control device during the year.

Legal level of control (the level at which expenditures may not legally exceed appropriations) is at the total budget level.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract, or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse after a year, except those of the Capital Projects Fund. Encumbered appropriations are carried forward to the ensuing fiscal year, and as of June 30, 2023, the District did not have outstanding encumbrances.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**Deposits**

At June 30, 2023, the carrying amount of the District's deposits was \$814,276 and is part of the Town of Mansfield, Connecticut's pooled cash account. Further information on the cash pool can be located and read as part of the Town of Mansfield, Connecticut's Financial Statements, which can be found at <https://www.mansfieldct.gov/>. The District does not have a deposit policy for custodial credit risk. Separate risk classification is not available.

**Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Office Equipment	\$ 157,588	\$ 1,690	\$ -	\$ 159,278
Vehicles	122,047	47,917	21,230	148,734
Total Capital Assets Being Depreciated	279,635	49,607	21,230	308,012
Less: Accumulated Depreciation for:				
Office Equipment	79,465	9,570	-	89,035
Vehicles	100,260	9,619	21,018	88,861
Total Accumulated Depreciation	179,725	19,189	21,018	177,896
Total Capital Assets Being Depreciated, Net	99,910	30,418	212	130,116
Total Capital Assets Being Depreciated and Amortized, Net	<u>\$ 99,910</u>	<u>\$ 30,418</u>	<u>\$ 212</u>	<u>\$ 130,116</u>
Subscription Based Information Technology Assets:				
Subscription Based Information Technology	20,356	-	-	20,356
Less Accumulated Amortization				
Subscription Based Information Technology	-	17,448	-	17,448
Total Subscription Based Information Technology Arrangement Assets, Net	20,356	(17,448)	-	2,908
Governmental Activities Capital Assets, Net	<u>\$ 120,266</u>	<u>\$ 12,970</u>	<u>\$ 212</u>	<u>\$ 133,024</u>

(1) The beginning balance was restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. See Note 1.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Health Services	\$ 19,189
Total Depreciation - Governmental Activities	<u>\$ 19,189</u>

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**INTERFUND BALANCES**

Interfund receivables and payables represent temporary balances arising from reimbursement type transactions. The Health Grants fund owed the General Fund \$55,912 as of June 30, 2023 due to grant receipts coming in after the related expenditures have been paid.

**INTERFUND TRANSFERS**

Transfers are used to move General Fund revenues to finance various capital projects in accordance with budgetary authorizations. During the year ended June 30, 2023 the District transferred \$128,000 of General Fund resources to the Capital Projects fund to fund various capital projects.

**Long-Term Debt**

Long-term liability activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Total OPEB Liability	\$ 10,301	\$ 1,362	\$ -	\$ 11,663	\$ -
Subscription Liability	20,356	-	20,356	-	-
Compensated Absences	44,681	52,242	55,571	41,352	8,270
	<u>44,681</u>	<u>52,242</u>	<u>55,571</u>	<u>41,352</u>	<u>8,270</u>
Total Governmental Activities:					
Long-Term Liabilities	<u>\$ 75,338</u>	<u>\$ 53,604</u>	<u>\$ 75,927</u>	<u>\$ 53,015</u>	<u>\$ 8,270</u>

(2) The beginning balance was restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. See Note 1.

**Subscription-Based Information Technology Arrangements**

The District has entered into a subscription-based information technology arrangements (SBITAs) for software. The SBITA arrangements expires in September 2023. During the year ended June 30, 2023 the District paid principal and interest on the SBITA liability of \$20,356 and \$119, respectively.

Subscription Based Information Technology Arrangement Assets acquired through outstanding contracts are shown below.

Subscription Based Information Technology Arrangements	\$ 20,356
Less: Accumulated Amortization	<u>(17,448)</u>
Total	<u>\$ 2,908</u>

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER POST EMPLOYMENT BENEFITS PLAN**

**Plan Description**

The District administers one single-employer, post-retirement healthcare plan (the Plan). The Plan provides medical benefits to eligible retirees and their spouses. The Plan is administered by the District. Plan provisions are determined by District Policy.

The District currently pays for post-employment health care benefits on a pay-as-you-go basis. As of June 30, 2023, the District has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

**Benefit Provided**

The District Plan provides for medical and dental benefits for all eligible retirees. Benefit provisions are set by District policy, and require employees to complete 25 years of aggregate service; or attainment of age 55 with 10 years of continuous service or 15 years of aggregate service.

**Employees Covered by Benefit Terms**

Membership in the Plan consisted of the following at July 1, 2022:

Active Employees	9
Total	9

**Total OPEB Liability**

The District's total OPEB liability of \$11,663 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.40%
Salary increases	3.40%, average, including inflation
Discount Rate	3.65% (Prior 3.54%)
Health Care Cost Trend Rates	6.50% in 2022, reducing by 0.2% each year to an ultimate rate of 4.40% per year rate for 2034 and later, prior 6.50% in 2020, reducing by 0.2% each year to an ultimate rate of 4.40% per year rate for 2032 and later
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

The discount rate was based on the 20-year AA municipal bond index.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)**

**Actuarial Assumptions and Other Inputs (Continued)**

Mortality rates were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, projected to the valuation date with Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on standard tables modified for certain Plan features and input from the Plan Sponsor.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balances as of July 1, 2022	\$ 10,301
Changes for the Year:	
Service Cost	772
Interest on Total OPEB Liability	392
Difference Between Expected and Actual Experience	224
Changes in Assumptions or Other Inputs	(26)
Net Changes	1,362
Balances as of June 30, 2023	\$ 11,663

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 11,894	\$ 11,663	\$ 11,421

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower (5.50% decreasing to 3.40%) or 1 percentage point higher (7.50% decreasing to 5.40%) than the current health care cost trend rates:

	1% Decrease	Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 11,234	\$ 11,663	\$ 12,124

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized OPEB expense of (\$950). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 181	\$ 5,057
Changes of Assumptions or Other Inputs	633	82
Total	\$ 814	\$ 5,139

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

Year Ending June 30,	Amount
2024	\$ (2,114)
2025	(2,114)
2026	(193)
2027	73
2028	23
Total	\$ (4,325)

**NOTE 5 OTHER INFORMATION**

**Risk Management**

The District is exposed to various risks of loss related to public officials, torts, injuries to employees, or acts of God. The District purchases commercial insurance for all risks of loss, except for medical insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Hospital and medical surgical health coverage for District employees is administered by the Town of Mansfield, Connecticut (the Town), which has been recorded in the Town's records as an internal service fund. The fund's general objectives are to formulate, on behalf of the members, a health insurance program at lower cost of coverage and to develop a systematic method to control health costs.

A third party administers the Plan through a contract with the Town for which the fund pays a fee. The fund has purchased \$175,000 of combined medical surgical and major medical individual stop-loss coverage.

**EASTERN HIGHLANDS HEALTH DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (CONTINUED)**

**Related Party Transactions**

As disclosed in Note 1, the District's board of directors consists of appointed representatives from the member towns consisting of Andover, Ashford, Bolton, Chaplin, Columbia, Coventry, Mansfield, Scotland, Tolland, and Willington. Revenues received from these member towns are as follows for the year ended June 30, 2023:

Andover	\$	17,902
Ashford		23,792
Bolton		27,675
Chaplin		12,172
Columbia		29,920
Coventry		69,573
Mansfield		147,145
Scotland		8,960
Tolland		82,728
Willington		31,654
Total	<u>\$</u>	<u>451,521</u>

No amounts were due to or from the member towns as of June 30, 2023.

**Contingent Liabilities**

The District's management indicates that there are no material or substantial claims, judgments, or litigation against the District.



**EASTERN HIGHLANDS HEALTH DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST FIVE FISCAL YEARS\***

	2023	2022	2021	2020	2019
Service Cost	\$ 772	\$ 845	\$ 1,672	\$ 1,392	\$ 1,278
Interest	392	223	441	609	590
Differences Between Expected and Actual Experience	224	(172)	(11,527)	(386)	(90)
Changes of Assumptions and Other Inputs	(26)	(101)	632	705	204
Net Change in Total OPEB Liability	1,362	795	(8,782)	2,320	1,982
Total OPEB Liability - Beginning	10,301	9,506	18,288	15,968	13,986
Total OPEB Liability - Ending	<u>\$ 11,663</u>	<u>\$ 10,301</u>	<u>\$ 9,506</u>	<u>\$ 18,288</u>	<u>\$ 15,968</u>
 Covered Payroll	 \$ 590,301	 \$ 487,586	 \$ 471,554	 \$ 605,504	 \$ 585,429
 Total OPEB Liability as a Percentage of Covered Payroll	 1.98%	 2.11%	 2.02%	 3.02%	 2.73%

\* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Notes to Schedule:**