



Board of Directors
Eastern Highlands Health District
Mansfield, Connecticut

We have audited the financial statements of the governmental activities and each major fund of Eastern Highlands Health District as of and for the year ended June 30, 2025, and have issued our report thereon dated October 6, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit in our Statement of Work dated May 21, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Eastern Highlands Health District are described in Note 1 to the financial statements.

The district changed accounting policies related to Compensated Absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement No. 101), *Compensated Absences* in 2025. The implementation of this standard resulted in no material impact to the district's financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2025.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

* * *

This communication is intended solely for the information and use of the Board of Directors and management of Eastern Highlands Health District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
October 6, 2025



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Eastern Highlands Health District
Mansfield, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Eastern Highlands Health District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Eastern Highlands Health District's basic financial statements, and have issued our report thereon dated October 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Highlands Health District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Highlands Health District's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Highlands Health District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors
Eastern Highlands Health District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Highlands Health District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
October 6, 2025

EASTERN HIGHLANDS HEALTH DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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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, 2025, 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, 2025, 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.

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 **October 7, 2025** October 6, 2025, 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
October 6, 2025



Eastern Highlands Health District

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2025

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, 2025.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$882,392 (*net position*). Of this amount, \$770,570 (*unrestricted net position*) may be used to meet the District's ongoing obligations to creditors.
- The District's total net position decreased by \$54,163. The decrease in net position is primarily due to the District's governmental funds decrease of \$30,720 and an increase in long-term liabilities of \$46,475, offset by a net increase in capital assets of \$19,034.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$765,512, a decrease of \$31,720 in comparison with the prior year. Of combined fund balances, \$475,590 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 \$545,681 or 53.2% 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).

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$882,392 at the close of the most recent fiscal year.

Of the net position, \$111,822 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, 2025 AND 2024**

	2025	2024
Current and other assets	\$ 1,105,404	\$ 1,150,056
Capital assets, net of accumulated depreciation and amortization	158,746	139,712
Total assets	1,264,150	1,289,768
Deferred outflows of resources	474	564
Long-term liabilities outstanding	110,277	63,802
Other liabilities	269,801	286,683
Total liabilities	380,078	350,485
Deferred inflows of resources	2,154	3,292
Net Position:		
Net Investment in Capital Assets	111,822	139,712
Unrestricted	770,570	796,843
Total Net Position	\$ 882,392	\$ 936,555

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 decreased by \$54,163 during the current fiscal year. The District had a decrease in their governmental funds of \$30,720 based on current year operations. In addition, long-term liabilities increased \$46,475. These increases were offset by a net increase of capital assets of \$19,034.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**EASTERN HIGHLANDS HEALTH DISTRICT
CHANGE IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 273,419	\$ 303,334
Operating grants and contributions	519,958	513,377
General revenues:		
Assessment to member towns	474,720	463,193
Sale of assets	5,050	4,099
Total revenues	<u>1,273,147</u>	<u>1,284,003</u>
Expenses:		
Health services	<u>1,327,310</u>	<u>1,241,359</u>
Change in net position	(54,163)	42,644
Net position - July 1	<u>936,555</u>	<u>893,911</u>
Net Position - June 30	<u>\$ 882,392</u>	<u>\$ 936,555</u>

- Charges for services decreased from the prior year by \$29,915 or 9.9%, primarily due to a decrease in retirement plan refunds (\$35,194) offset by an increase in food protection services (\$7,542) and an increase in vaccine administration (\$5,159).
- Operating grants and contributions decreased by \$6,581 or 1.2%.
- Assessment to member towns increased \$11,527 or 2.5% based on the budget approved by member towns.
- Health services expenditures increased by \$85,951, 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 \$765,512, a decrease of \$31,720 in comparison with the prior year. Of the ending fund balances, \$475,590 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 \$545,681.

The fund balance of the District's General Fund decreased by \$1,545 during the current fiscal year. The key factors in this decrease were the results of the General Fund Budgetary results.

The Capital Projects Fund has a total fund balance of \$285,422, all of which is restricted for capital projects. Capital outlay was \$34,275 during the fiscal year due to the purchase of a new vehicle and strategic planning. 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 \$52,479. The key factors are a reduction in salary and benefit costs of \$54,574, 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 \$63,406, \$2,067 was actually spent based on expenditure savings and an increase in expected revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets

Capital Assets - The District's investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$158,746 (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 \$36,149 for the year. There were two asset acquisition: a vehicle and capital costs related to strategic planning.

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

	2025	2024
Office Equipment	\$ 11,098	\$ 59,643
Vehicles	96,577	80,069
Subscription Based Information Technology	51,071	-
Total	<u>\$ 158,746</u>	<u>\$ 139,712</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 2026 was passed by its Board of Directors on January 16, 2025 for \$1,071,890. Subsequent to the adoption of the budget, the State of Connecticut reduced the appropriation to health district's state grant-in-aid by 10%. This will be a reduction in expected revenue of approximately \$20,000. Including this reduction, we anticipate being able to operate according to the Board's Adopted Budget for fiscal year 25/26 based on salary savings and additional grant revenue obtained for other programming.

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, 2025**

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,009,214
Accounts Receivable	96,190
Total Current Assets	<u>1,105,404</u>
NONCURRENT ASSETS	
Capital Assets Being Depreciated (Net of Accumulated Depreciation and Amortization):	
Office Equipment	11,098
Vehicles	96,577
Subscription Based Information Technology Arrangements	51,071
Total Noncurrent Assets	<u>158,746</u>
Total Assets	1,264,150
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to OPEB	474
Total Deferred Outflows of Resources and Assets	<u><u>\$ 1,264,624</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 22,247
Accrued Liabilities	41,730
Unearned Revenue	205,824
Subscriptions Payable, Due Within One Year	22,459
Compensated Absences, Due Within One Year	51,029
Total Current Liabilities	<u>343,289</u>
NONCURRENT LIABILITIES	
Subscriptions Payable, Due in More Than One Year	24,465
Total OPEB Liability	12,324
Total Noncurrent Liabilities	<u>36,789</u>
Total Liabilities	380,078
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to OPEB	<u>2,154</u>
NET POSITION	
Net Investment in Capital Assets	111,822
Unrestricted	770,570
Total Net Position	<u>882,392</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 1,264,624</u></u>

See accompanying Notes to Financial Statements.

**EASTERN HIGHLANDS HEALTH DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Health Services	\$ 1,327,310	\$ 273,419	\$ 519,958	\$ (533,933)
Total Governmental Activities	<u>\$ 1,327,310</u>	<u>\$ 273,419</u>	<u>\$ 519,958</u>	
GENERAL REVENUES				
Assessment to Member Towns				474,720
Sale of Assets				<u>5,050</u>
Total General Revenues				<u>479,770</u>
CHANGE IN NET POSITION				(54,163)
Net Position - Beginning				<u>936,555</u>
NET POSITION - END OF YEAR				<u>\$ 882,392</u>

EASTERN HIGHLANDS HEALTH DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds			Total Governmental Funds
	General	Health Grants	Capital Projects	
ASSETS				
Cash and Cash Equivalents	\$ 607,909	\$ 120,933	\$ 280,372	\$ 1,009,214
Accounts Receivable	2,475	88,665	5,050	96,190
Total Assets	<u>\$ 610,384</u>	<u>\$ 209,598</u>	<u>\$ 285,422</u>	<u>\$ 1,105,404</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts and Other Payables	\$ 16,047	\$ 6,200	\$ -	\$ 22,247
Accrued Liabilities	41,730	-	-	41,730
Unearned Revenue	2,426	203,398	-	205,824
Total Liabilities	<u>60,203</u>	<u>209,598</u>	<u>-</u>	<u>269,801</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Grants	<u>-</u>	<u>70,091</u>	<u>-</u>	<u>70,091</u>
FUND BALANCES				
Committed	-	-	285,422	285,422
Assigned	4,500	-	-	4,500
Unassigned	545,681	(70,091)	-	475,590
Total Fund Balances	<u>550,181</u>	<u>(70,091)</u>	<u>285,422</u>	<u>765,512</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				
	<u>\$ 610,384</u>	<u>\$ 209,598</u>	<u>\$ 285,422</u>	<u>\$ 1,105,404</u>

See accompanying Notes to Financial Statements.

EASTERN HIGHLANDS HEALTH DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

Fund Balances - Total Governmental Funds \$ 765,512

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	\$ 289,823	
Less: Accumulated Depreciation and Amortization	<u>(131,077)</u>	
Net Capital Assets		158,746

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	474
Grant Receivables Greater than 60 Days	70,091

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated Absences	(51,029)
Deferred Inflows of Resources Related to OPEB	(2,154)
Subscriptions Payable	(46,924)
Total OPEB Liability	<u>(12,324)</u>

Net Position of Governmental Activities	<u>\$ 882,392</u>
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**EASTERN HIGHLANDS HEALTH DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	Major Funds			Total Governmental Funds
	General	Health Grants	Capital Projects	
REVENUES				
Member Town Contributions	\$ 474,720	\$ 7,703	\$ -	\$ 482,423
Intergovernmental	207,210	301,095	-	508,305
Septic Permits	47,475	-	-	47,475
Well Permits	12,375	-	-	12,375
B100a Building Permit Review	26,130	-	-	26,130
Soil Testing Service	40,610	-	-	40,610
Engineered Plan Review	34,040	-	-	34,040
Food Protection Service	91,516	-	-	91,516
Other Health Services	1,841	-	-	1,841
Cosmetology Inspections	6,475	-	-	6,475
Group Home/Daycare Inspection	1,210	-	-	1,210
Subdivision Review	1,000	-	-	1,000
Food Plan Review	5,245	-	-	5,245
Vaccine Administration	5,502	-	-	5,502
Sales of Assets	-	-	5,050	5,050
Total Revenues	955,349	308,798	5,050	1,269,197
EXPENDITURES				
Current:				
Payroll and Benefits	818,416	202,682	-	1,021,098
Other Purchased Services	33,414	68,788	-	102,202
Liability Insurance	15,542	-	-	15,542
Supplies and Services	17,421	21,473	-	38,894
Repairs and Maintenance	12,855	-	-	12,855
Other	35,075	19,805	4,700	59,580
Debt Service	21,171	-	-	21,171
Capital Outlay	68,095	-	29,575	97,670
Total Expenditures	1,021,989	312,748	34,275	1,369,012
EXCESS OF REVENUES OVER EXPENDITURES	(66,640)	(3,950)	(29,225)	(99,815)
OTHER FINANCIAL SOURCES (USES)				
Subscription Based Information				
Technology Arrangement	68,095	-	-	68,095
Transfers In	-	-	3,000	3,000
Transfers Out	(3,000)	-	-	(3,000)
Total Other Financing Sources (Uses)	65,095	-	3,000	68,095
NET CHANGE IN FUND BALANCES	(1,545)	(3,950)	(26,225)	(31,720)
Fund Balance - Beginning of Year	551,726	(66,141)	311,647	797,232
FUND BALANCE - END OF YEAR	<u>\$ 550,181</u>	<u>\$ (70,091)</u>	<u>\$ 285,422</u>	<u>\$ 765,512</u>

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, 2025**

Net Change in Fund Balances - Total Governmental Funds	\$	(31,720)
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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/amortization expense.

Capital Outlay		97,670
Depreciation and Amortization Expense		(36,149)
Loss on Disposal of Capital Assets		(42,487)

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		(90)
Grant Receivables Greater than 60 Days		3,950

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 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:

Subscriptions		(68,095)
Subscription Based Information Technology Payments		21,171

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		422
Change in Deferred Inflows of Resources Related to OPEB		1,138
Change in Total OPEB Liability		27

Change in Net Position of Governmental Activities	\$	(54,163)
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EASTERN HIGHLANDS HEALTH DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND, BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Member Town Contributions	\$ 474,660	\$ 474,660	\$ 474,720	\$ 60
Intergovernmental	207,210	207,210	207,210	-
Septic Permits	50,000	50,000	47,475	(2,525)
Well Permits	13,000	13,000	12,375	(625)
B100a Building Permit Review	26,000	26,000	26,130	130
Soil Testing Service	41,000	41,000	40,610	(390)
Engineered Plan Review	32,000	32,000	34,040	2,040
Food Protection Services	82,000	82,000	91,516	9,516
Group Home/Daycare Inspection	1,200	1,200	1,210	10
Subdivision Review	1,500	1,500	1,000	(500)
Food Plan Review	3,000	3,000	5,245	2,245
Other Health Services	3,500	3,500	2,022	(1,478)
Cosmetology Inspections	6,600	6,600	6,475	(125)
Vaccine Administration	5,000	5,000	5,502	502
Total Revenues	946,670	946,670	955,530	8,860
EXPENDITURES				
Current:				
Regular Salaries - Nonunion	631,101	631,101	583,247	47,854
Social Security	43,550	43,550	48,666	(5,116)
Workers' Compensation	9,400	9,400	9,305	95
Medicare	10,185	10,185	11,382	(1,197)
Salary Related Benefits	-	-	(11,111)	11,111
ICMA	40,130	40,130	39,950	180
Life Insurance	3,030	3,030	2,318	712
Medical Insurance	124,725	124,725	124,725	-
Long-Term Disability Insurance	760	760	744	16
RHS Contribution	2,610	2,610	2,646	(36)
Dues and Subscriptions	2,100	2,100	1,145	955
Training	3,500	3,500	-	3,500
Mileage Reimbursement	600	600	-	600
Vehicle Allowance	5,400	5,400	5,399	1
Professional and Technical	12,170	12,170	19,735	(7,565)
Legal	3,000	3,000	312	2,688
Audit Expense	11,550	11,550	13,367	(1,817)
Vehicle Repair and Maintenance	4,000	4,000	12,855	(8,855)
General Liability	15,050	15,050	15,542	(492)
Advertising	1,000	1,000	514	486
Printing and Binding	1,500	1,500	1,107	393

See accompanying Notes to Financial Statements.

**EASTERN HIGHLANDS HEALTH DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND, BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Postage	\$ 1,500	\$ 1,500	\$ 1,658	\$ (158)
Copier Maintenance Fees	1,000	1,000	90	910
Contracted Services	22,390	22,390	22,384	6
Voice Communications	4,850	4,850	3,650	1,200
Instructional Supplies	800	800	21	779
Books and Periodicals	200	200	315	(115)
Supplies	2,000	2,000	951	1,049
Clinical Supplies	5,000	5,000	4,390	610
Gasoline	4,000	4,000	3,466	534
Office Equipment	4,000	4,000	-	4,000
Equipment - Other	900	900	419	481
Other General Expense	-	-	330	(330)
Administrative Overhead	35,075	35,075	35,075	-
Total Expenditures	<u>1,007,076</u>	<u>1,007,076</u>	<u>954,597</u>	<u>52,479</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(60,406)	(60,406)	933	61,339
OTHER FINANCIAL SOURCES (USES)				
Appropriation of Fund Balance	63,406	63,406	-	(63,406)
Transfers Out	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>60,406</u>	<u>60,406</u>	<u>(3,000)</u>	<u>(63,406)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	(2,067)	<u>\$ (2,067)</u>
Fund Balances at Beginning of Year			<u>547,748</u>	
FUND BALANCE - END OF YEAR			<u>\$ 545,681</u>	

See accompanying Notes to Financial Statements.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and the District identified no organizations for inclusion as component units.

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.

EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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.

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.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Long-Term Obligations

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

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.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The District has reported deferred inflows of resources related to unavailable revenue for grants. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

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.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, deferred outflows of resources, liabilities, and deferred inflows of resources, including disclosures of contingent assets and liabilities and reported revenues, expenses, and expenditures during the fiscal year. Actual results could differ from those estimates.

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.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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, 2025, the District had one outstanding encumbrance for \$4,500.

Budget to GAAP Reconciliation

A reconciliation of revenues and expenditures, between the accounting treatment required by GAAP (Exhibit IV) and budgetary requirements (Exhibit V), at June 30, 2025 is as follows:

	Revenues and other Financing Sources	Expenditures and Transfers	Fund Balance
Balance - Budgetary Basis, Exhibit V	\$ 955,530	\$ 957,597	\$ 545,681
Current Year Encumbrances Issued	-	(4,500)	4,500
Prior Year Encumbrances Paid	-	3,797	-
The District Does not Budget for SBITA's	68,095	68,095	-
Encumbrances Cancelled in the CY	(181)	-	-
Balance - GAAP Basis, Exhibit IV	<u>\$ 1,023,444</u>	<u>\$ 1,024,989</u>	<u>\$ 550,181</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

Deposits

At June 30, 2025, the carrying amount of the District's deposits was \$1,009,214 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.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Office Equipment	\$ 155,709	\$ -	\$ 96,963	\$ 58,746
Vehicles	157,674	29,575	24,267	162,982
Total Capital Assets Being Depreciated	313,383	29,575	121,230	221,728
Less: Accumulated Depreciation for:				
Office Equipment	96,066	8,485	56,903	47,648
Vehicles	77,605	10,640	21,840	66,405
Total Accumulated Depreciation	173,671	19,125	78,743	114,053
Total Capital Assets Being Depreciated, Net	139,712	10,450	42,487	107,675
 Total Capital Assets Being Depreciated, Net	<u>\$ 139,712</u>	<u>\$ 10,450</u>	<u>\$ 42,487</u>	<u>\$ 107,675</u>
 Subscription Based Information Technology Assets:				
Subscription Based Information Technology	\$ -	\$ 68,095	\$ -	\$ 68,095
Less: Accumulated Amortization				
Subscription Based Information Technology	-	17,024	-	17,024
 Total Subscription Based Information Technology Arrangement Assets, Net	<u>-</u>	<u>51,071</u>	<u>-</u>	<u>51,071</u>
 Governmental Activities Capital Assets, Net	<u>\$ 139,712</u>	<u>\$ 61,521</u>	<u>\$ 42,487</u>	<u>\$ 158,746</u>

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

Governmental Activities:	
Health Services	\$ 36,149
Total Depreciation/Amortization - Governmental Activities	<u>\$ 36,149</u>

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, 2025, the District transferred \$3,000 of General Fund resources to the Capital Projects fund to fund various capital projects.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Long-Term Debt

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Total OPEB Liability	\$ 12,351	\$ -	\$ 27	\$ 12,324	\$ -
Subscription Liability	-	68,095	21,171	46,924	22,459
Compensated Absences*	51,451	- *	422	51,029	51,029
Total Governmental Activities:					
Long-Term Liabilities	<u>\$ 63,802</u>	<u>\$ 68,095</u>	<u>\$ 21,620</u>	<u>\$ 110,277</u>	<u>\$ 73,488</u>

* The change in compensated absences liability is presented as a net change

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, 2025, 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, 2024:

Active Employees	9
Total	<u>9</u>

Total OPEB Liability

The District's total OPEB liability of \$12,324 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.4% (Prior: 2.60%)
Salary Increases	3.40% (including inflation)
Discount Rate	5.20% (Prior: 3.93%)
	7.00% in 2024, reducing by 0.2% each year to a final rate of 4.40% per year rate for 2037 and later.
Health Care Cost Trend Rates	(Prior: 6.50% in 2022, reducing by 0.2% each year to a final rate of 4.40% per year rate for 2034 and later).
Retirees' Share of Benefit-Related Costs	100% retiree-paid.

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

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, 2024 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, 2024	\$ 12,351
Changes for the Year:	
Service Cost	877
Interest on Total OPEB Liability	519
Difference Between Expected and Actual Experience	(1,614)
Changes in Assumptions or Other Inputs	191
Net Changes	(27)
Balances as of June 30, 2025	<u>\$ 12,324</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025.

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 (4.20%) or 1 percentage point higher (6.20%) than the current discount rate:

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 12,574	\$ 12,324	\$ 12,071

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 (6.00% decreasing to 3.40%) or 1 percentage point higher (8.00% decreasing to 5.40%) than the current health care cost trend rates:

	<u>1% Decrease</u>	<u>Health Care Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 11,729	\$ 12,324	\$ 12,970

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

For the year ended June 30, 2025, the District recognized OPEB expense of (\$1,075). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 95	\$ 2,082
Changes of Assumptions or Other Inputs	379	72
Total	<u>\$ 474</u>	<u>\$ 2,154</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (550)
2027	(284)
2028	(334)
2029	(259)
2030	(234)
Therafter	(19)
Total	<u>\$ (1,680)</u>

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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.

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, 2025:

Andover	\$	18,660
Ashford		24,932
Bolton		28,702
Chaplin		12,764
Columbia		31,245
Coventry		72,693
Mansfield		156,982
Scotland		9,389
Tolland		86,428
Willington		32,925
Total	\$	<u>474,720</u>

No amounts were due to or from the member towns as of June 30, 2025.

Contingent Liabilities

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

The District participates in various federal and state grant programs, which are subject to program compliance audits. Accordingly, the District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED CONTRIBUTION PENSION PLAN

The District contributes to a defined contribution pension plan, for its all regular employees who work 25 or more hours per week and are not participating in a member town retirement plan.

Benefit terms, including contribution requirements, for the plan are established and may be amended by the District's board. For each employee in the pension plan, the District is required to contribute 6% of annual salary to an employee account. Employees are required to contribute 2% of annual salary. For the year ended June 30, 2025, employee contributions totaled \$13,169, and the District made contributions totaling \$39,505.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after completion of seven years of creditable service with the District. Nonvested District contributions are forfeited upon termination of employment.

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

	2025	2024	2023	2022	2021	2020	2019
Service Cost	\$ 877	\$ 870	\$ 772	\$ 845	\$ 1,672	\$ 1,392	\$ 1,278
Interest	519	458	392	223	441	609	590
Differences Between Expected and Actual Experience	(1,614)	(574)	224	(172)	(11,527)	(386)	(90)
Changes of Assumptions and Other Inputs	191	(66)	(26)	(101)	632	705	204
Net Change in Total OPEB Liability	(27)	688	1,362	795	(8,782)	2,320	1,982
Total OPEB Liability - Beginning	12,351	11,663	10,301	9,506	18,288	15,968	13,986
Total OPEB Liability - Ending	<u>\$ 12,324</u>	<u>\$ 12,351</u>	<u>\$ 11,663</u>	<u>\$ 10,301</u>	<u>\$ 9,506</u>	<u>\$ 18,288</u>	<u>\$ 15,968</u>
Covered Payroll	\$ 727,938	\$ 610,371	\$ 590,301	\$ 487,586	\$ 471,554	\$ 605,504	\$ 585,429
Total OPEB Liability as a Percentage of Covered Payroll	1.69%	2.02%	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.



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