



CliftonLarsonAllen LLP
CLAAconnect.com

**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, 2022, 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 November 16, 2022.

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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
November 16, 2022



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, 2022, and have issued our report thereon dated November 16, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our planning communication dated August 15, 2022. 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.

As described in Note 1, Eastern Highlands Health District changed accounting policies related to leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective July 1, 2021. There was no material impact on the entity's net position or fund balance and changes in net position or fund balance as a result of the adoption of this accounting standard.

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. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net other post-employment benefit (OPEB) liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management.
- Management's estimate of useful lives of governmental-activities capital assets, which is used in computing depreciation in the government-wide financial statements.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

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 November 16, 2022.

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
November 16, 2022

EASTERN HIGHLANDS HEALTH DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**EASTERN HIGHLANDS HEALTH DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

INDEPENDENT AUDITORS' REPORT		1
MANAGEMENT'S DISCUSSION AND ANALYSIS		4
	EXHIBIT	
BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE		
STATEMENT OF NET POSITION	I	10
STATEMENT OF ACTIVITIES	II	11
FUND FINANCIAL STATEMENTS		
BALANCE SHEET – GOVERNMENTAL FUNDS	III	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	IV	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	V	16
NOTES TO FINANCIAL STATEMENTS		18
REQUIRED SUPPLEMENTARY INFORMATION		
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS	RSI-1	29



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, 2022, 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, 2022, 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 November 16, 2022, 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
November 16, 2022



Eastern Highlands Health District

4 South Eagleville Road • Mansfield CT 06268 • Tel: (860) 429-3325 • Fax: (860) 429-3321 • Web: www.EHHD.org

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$843,711 (*net position*). Of this amount, \$743,801 (*unrestricted net position*) may be used to meet the District's ongoing obligations to creditors.
- The District's total net position increased by \$55,731. The increase in net position is primarily due to the District's operational surplus of \$65,156 coming from revenues in excess of budget (\$46,159), less budgeted use of fund balance (\$29,658) which was unnecessary, and expenditures less than budget (\$48,655) in the General Fund, plus an increase of \$4,132 in Capital Projects from sale of assets. This was offset by depreciation in excess of asset additions.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$805,420, an increase of \$69,288 in comparison with the prior year. Of combined fund balances, \$675,308 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 \$675,308 or 76.6% 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).

Preventing Illness & Promoting Wellness for Communities in Eastern Connecticut

Andover • Ashford • Bolton • Chaplin • Columbia • Coventry • Mansfield • Scotland • Tolland • Willington



Eastern Highlands Health District

4 South Eagleville Road • Mansfield CT 06268 • Tel: (860) 429-3325 • Fax: (860) 429-3321 • Web: www.EHHD.org

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 \$843,711 at the close of the most recent fiscal year.

Of the net position, \$99,910 reflects the District's investment in capital assets (e.g., office equipment and vehicles). These assets are not available for future spending.



Eastern Highlands Health District

4 South Eagleville Road • Mansfield CT 06268 • Tel: (860) 429-3325 • Fax: (860) 429-3321 • Web: www.EHHD.org

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EASTERN HIGHLANDS HEALTH DISTRICT NET POSITION JUNE 30, 2022 AND 2021

	2022	2021
Current and other assets	\$ 965,236	\$ 836,241
Capital assets, net of accumulated depreciation	99,910	117,315
Total assets	1,065,146	953,556
Deferred outflows of resources	840	1,047
Long-term liabilities outstanding	54,982	56,951
Other liabilities	159,816	100,109
Total liabilities	214,798	157,060
Deferred inflows of resources	7,477	9,563
Net Position:		
Investment in Capital Assets	99,910	117,315
Unrestricted	743,801	670,665
Total Net Position	\$ 843,711	\$ 787,980

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 \$55,731 during the current fiscal year. The District had an operational surplus of \$65,156 coming from revenues in excess of budget (\$46,159), less budgeted use of fund balance (\$29,658) which did not occur, and expenditures less than budget (\$48,655) in the General Fund, plus an increase of \$4,132 in Capital Projects funding from sale of assets. The operational surplus was offset by depreciation in excess of capital outlay.



Eastern Highlands Health District

4 South Eagleville Road • Mansfield CT 06268 • Tel: (860) 429-3325 • Fax: (860) 429-3321 • Web: www.EHHD.org

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**EASTERN HIGHLANDS HEALTH DISTRICT
CHANGE IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 222,950	\$ 295,397
Operating grants and contributions	448,186	470,885
General revenues:		
Assessment to member towns	464,475	457,536
Sale of assets	5,200	-
Total revenues	<u>1,140,811</u>	<u>1,223,818</u>
Expenses:		
Health services	<u>1,085,080</u>	<u>1,126,885</u>
Change in net position	55,731	96,933
Net position - July 1	<u>787,980</u>	<u>691,047</u>
Net Position - June 30	<u><u>\$ 843,711</u></u>	<u><u>\$ 787,980</u></u>

- Charges for services decreased from the prior year by \$72,447, primarily due to a decrease in demand for well permits (\$9,520), B100a building permit review (\$11,365) and various other services.
- Operating grants and contributions decreased by a net of \$22,699, primarily due to the receipt of following grants:
 - ELC1-BP2 Enhancing Detection Grant for \$183,562
 - Public Health Emergency Response for \$51,711
 - State Grant in Aid for \$208,107
- Assessment to member towns showed an increase of \$6,939.
- Health services expenditures decreased by \$41,805, primarily due to a decrease in demand for services

Preventing Illness & Promoting Wellness for Communities in Eastern Connecticut

Andover • Ashford • Bolton • Chaplin • Columbia • Coventry • Mansfield • Scotland • Tolland • Willington



Eastern Highlands Health District

4 South Eagleville Road • Mansfield CT 06268 • Tel: (860) 429-3325 • Fax: (860) 429-3321 • Web: www.EHHD.org

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$805,420, an increase of \$69,288 in comparison with the prior year. Of the ending fund balances, \$675,308 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 \$675,308.

The fund balance of the District's General Fund increased by \$65,156 during the current fiscal year. The key factors in this increase are revenues in excess of budget by \$46,159, primarily in charge for services and expenditures less than budget by \$48,655 primarily for salaries and benefits. Of the budgeted use of fund balance of \$49,808, \$29,658 was unappropriated for spending.

The Capital Projects Fund has a total fund balance of \$130,112, all of which is restricted for capital projects. Capital outlay was \$1,068 during the fiscal year, however the Fund realized \$5,200 in funding from the sale of assets.

General Fund Budgetary Highlights

During the year, expenditures were less than budgetary estimates by \$48,655. The key factors are a reduction in salary and benefit costs of \$60,017 primarily due to unfilled vacancies and grant funding. This was offset by a net increase of \$11,362 in all other costs.

Capital Assets

Capital Assets - The District's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$99,910 (net of accumulated depreciation). This investment in capital assets includes office equipment and vehicles. Depreciation expense was \$16,157 for the year. Vehicle asset disposals this year were \$12,476. There were no asset additions.



Eastern Highlands Health District

4 South Eagleville Road • Mansfield CT 06268 • Tel: (860) 429-3325 • Fax: (860) 429-3321 • Web: www.EHHD.org

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EASTERN HIGHLANDS HEALTH DISTRICT CAPITAL ASSETS (NET OF DEPRECIATION)

	2022	2021
Office equipment	\$ 78,123	\$ 87,705
Vehicles	21,787	29,610
Total	<u>\$ 99,910</u>	<u>\$ 117,315</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 2023 was passed by its Board of Directors on January 20, 2022 for \$962,197. 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 Cherie Trahan, Interim Director of Finance, Town of Mansfield, 4 South Eagleville Road, Mansfield, CT 06268.

**EASTERN HIGHLANDS HEALTH DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 930,481
Accounts Receivable	34,755
Total Current Assets	<u>965,236</u>
NONCURRENT ASSETS	
Capital Assets Not Being Depreciated	-
Capital Assets Being Depreciated (Net of Accumulated Depreciation):	
Office Equipment	78,123
Vehicles	21,787
Total Noncurrent Assets	<u>99,910</u>
Total Assets	1,065,146
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to OPEB	<u>840</u>
Total Deferred Outflows of Resources and Assets	<u>\$ 1,065,986</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued Liabilities	\$ 60,159
Unearned Revenue	99,657
Compensated Absences, Due Within One Year	8,936
Total Current Liabilities	<u>168,752</u>
NONCURRENT LIABILITIES	
Compensated Absences, Due in More Than One Year	35,745
Total OPEB Liability	10,301
Total Noncurrent Liabilities	<u>46,046</u>
Total Liabilities	214,798
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to OPEB	7,477
NET POSITION	
Investment in Capital Assets	99,910
Unrestricted	743,801
Total Net Position	<u>843,711</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,065,986</u>

See accompanying Notes to Financial Statements.

**EASTERN HIGHLANDS HEALTH DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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	\$ 1,085,080	\$ 222,950	\$ 448,186	\$ (413,944)
Total Governmental Activities	<u>\$ 1,085,080</u>	<u>\$ 222,950</u>	<u>\$ 448,186</u>	
GENERAL REVENUES				
Assessment to Member Towns				464,475
Sale of Assets				<u>5,200</u>
Total General Revenues				<u>469,675</u>
CHANGE IN NET POSITION				55,731
Net Position - Beginning of Year				<u>787,980</u>
NET POSITION - END OF YEAR				<u>\$ 843,711</u>

See accompanying Notes to Financial Statements.

EASTERN HIGHLANDS HEALTH DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	Major Funds			Total Governmental Funds
	General	Health Grants	Capital Projects	
ASSETS				
Cash and Cash Equivalents	\$ 733,297	\$ 67,072	\$ 130,112	\$ 930,481
Accounts Receivable	1,802	32,953	-	34,755
Total Assets	<u>\$ 735,099</u>	<u>\$ 100,025</u>	<u>\$ 130,112</u>	<u>\$ 965,236</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued Liabilities	\$ 59,791	\$ 368	\$ -	\$ 60,159
Unearned Revenue	-	99,657	-	99,657
Total Liabilities	<u>59,791</u>	<u>100,025</u>	<u>-</u>	<u>159,816</u>
FUND BALANCES				
Committed	-	-	130,112	130,112
Unassigned	675,308	-	-	675,308
Total Fund Balances	<u>675,308</u>	<u>-</u>	<u>130,112</u>	<u>805,420</u>
Total Liabilities and Fund Balances	<u>\$ 735,099</u>	<u>\$ 100,025</u>	<u>\$ 130,112</u>	<u>\$ 965,236</u>

See accompanying Notes to Financial Statements.

EASTERN HIGHLANDS HEALTH DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

Fund Balances - Total Governmental Funds \$ 805,420

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	\$ 279,635	
Less: Accumulated Depreciation	(179,725)	
Net Capital Assets		99,910

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 840

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

Compensated Absences	(44,681)
Deferred Inflows of Resources Related to OPEB	(7,477)
Total OPEB Liability	(10,301)

Net Position of Governmental Activities \$ 843,711

**EASTERN HIGHLANDS HEALTH DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Major Funds			Total Governmental Funds
	General	Health Grants	Capital Projects	
REVENUES				
Member Town Contributions	\$ 464,475	\$ 12,495	\$ -	\$ 476,970
Intergovernmental	208,107	266,377	-	474,484
Septic Permits	60,822	-	-	60,822
Well Permits	12,875	-	-	12,875
B100a Building Permit Review	26,810	-	-	26,810
Soil Testing Service	51,980	-	-	51,980
Engineered Plan Review	39,610	-	-	39,610
Food Protection Service	82,995	-	-	82,995
Other Health Services	2,411	-	-	2,411
Non-Engineered Plan Review	220	-	-	220
Group Home/Daycare Inspection	1,650	-	-	1,650
Subdivision Review	1,375	-	-	1,375
Food Plan Review	2,705	-	-	2,705
Sales of Assets	-	-	5,200	5,200
Total Revenues	956,035	278,872	5,200	1,240,107
EXPENDITURES				
Current:				
Payroll and Benefits	764,713	233,480	-	998,193
Other Purchased Services	85,962	31,123	-	117,085
Liability Insurance	14,115	-	-	14,115
Supplies and Services	10,376	11,472	-	21,848
Repairs and Maintenance	4,081	-	-	4,081
Other	11,632	2,797	-	14,429
Capital Outlay	-	-	1,068	1,068
Total Expenditures	890,879	278,872	1,068	1,170,819
EXCESS OF REVENUES OVER EXPENDITURES	65,156	-	4,132	69,288
NET CHANGE IN FUND BALANCES	65,156	-	4,132	69,288
Fund Balance - Beginning of Year	610,152	-	125,980	736,132
FUND BALANCE - END OF YEAR	<u>\$ 675,308</u>	<u>\$ -</u>	<u>\$ 130,112</u>	<u>\$ 805,420</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, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$	69,288
--	----	--------

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:

Depreciation Expense		(16,157)
Loss on Disposal of Capital Assets		(1,248)

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		(207)
--	--	-------

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		2,764
Change in Deferred Inflows of Resources Related to OPEB		2,086
Change in Total OPEB Liability		(795)

Change in Net Position of Governmental Activities	\$	<u>55,731</u>
---	----	---------------

**EASTERN HIGHLANDS HEALTH DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Member Town Contributions	\$ 478,250	\$ 455,040	\$ 464,475	\$ 9,435
Intergovernmental	135,270	208,106	208,107	1
Septic Permits	48,470	48,470	60,822	12,352
Well Permits	14,400	14,400	12,875	(1,525)
B100a Building Permit Review	33,540	33,540	26,810	(6,730)
Soil Testing Service	33,740	33,740	51,980	18,240
Engineered Plan Review	27,880	27,880	39,610	11,730
Food Protection Service	80,000	80,000	82,995	2,995
Non-Engineered Plan Review	-	-	220	220
Group Home/Daycare Inspection	1,200	1,200	1,650	450
Subdivision Review	1,500	1,500	1,375	(125)
Food Plan Review	2,500	2,500	2,705	205
Other Health Services	3,500	3,500	2,411	(1,089)
Other Miscellaneous	-	-	-	-
Total Revenues	860,250	909,876	956,035	46,159
EXPENDITURES				
Current:				
Regular Salaries - Nonunion	563,164	578,084	527,744	(50,340)
Social Security	39,130	40,055	44,350	4,295
Workers' Compensation	10,150	10,150	9,307	(843)
Unemployment Compensation	-	-	25	25
Medicare	9,152	9,368	10,372	1,004
Salary Related Benefits	-	-	(12,837)	(12,837)
ICMA	32,545	33,440	32,493	(947)
Life Insurance	2,390	2,390	1,833	(557)
Medical Insurance	138,250	150,770	150,770	-
Long-Term Disability Insurance	672	672	659	(13)
RHS Contribution	2,320	2,320	2,516	196
Dues and Subscriptions	2,100	2,100	2,634	534
Training	3,500	3,500	1,537	(1,963)
Mileage Reimbursement	600	600	-	(600)
Vehicle Allowance	5,400	5,400	5,399	(1)
Professional and Technical	7,495	7,495	23,322	15,827
Legal	3,000	3,000	2,128	(872)
Audit Expense	6,900	6,900	7,000	100
Vehicle Repair and Maintenance	2,500	2,500	4,081	1,581
General Liability	14,800	14,800	14,115	(685)
Advertising	1,000	1,000	1,943	943
Printing and Binding	1,150	1,150	906	(244)

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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES (CONTINUED)				
Postage	\$ 1,500	\$ 1,500	\$ 1,523	\$ 23
Copier Maintenance Fees	1,000	1,000	-	(1,000)
Contracted Services	18,350	18,350	18,333	(17)
Voice Communications	3,800	3,800	3,552	(248)
Instructional Supplies	800	800	-	(800)
Books and Periodicals	200	200	-	(200)
Supplies	2,000	2,000	845	(1,155)
Gasoline	2,500	2,500	2,701	201
COVID-19 Expenses	-	-	(530)	(530)
Office Equipment	3,000	3,000	2,985	(15)
Equipment - Other	600	600	1,083	483
Administrative Overhead	30,090	30,090	30,090	-
Total Expenditures	<u>910,058</u>	<u>939,534</u>	<u>890,879</u>	<u>(48,655)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,808)	(29,658)	65,156	94,814
OTHER FINANCIAL SOURCES (USES)				
Appropriation of Fund Balance	<u>49,808</u>	<u>29,658</u>	<u>-</u>	<u>(29,658)</u>
Total Other Financing Sources (Uses)	<u>49,808</u>	<u>29,658</u>	<u>-</u>	<u>(29,658)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	65,156	<u>\$ 65,156</u>
Fund Balances at Beginning of Year			<u>610,152</u>	
FUND BALANCE - END OF YEAR			<u>\$ 675,308</u>	

See accompanying Notes to Financial Statements.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022

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, 2022**

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

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.

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.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022**

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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective July 1, 2021, however, management concluded that they did not have any arrangements that met the requirements of this standard.

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, 2022, the District did not have outstanding encumbrances.

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS

Deposits

At June 30, 2022, the carrying amount of the District's deposits was \$930,481 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, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Being Depreciated:				
Office Equipment	\$ 157,588	\$ -	\$ -	\$ 157,588
Vehicles	134,523	-	12,476	122,047
Total Capital Assets Being Depreciated	292,111	-	12,476	279,635
Less: Accumulated Depreciation for:				
Office Equipment	69,883	9,582	-	79,465
Vehicles	104,913	6,575	11,228	100,260
Total Accumulated Depreciation	174,796	16,157	11,228	179,725
Total Capital Assets Being Depreciated, Net	117,315	(16,157)	1,248	99,910
Governmental Activities Capital Assets, Net	<u>\$ 117,315</u>	<u>\$ (16,157)</u>	<u>\$ 1,248</u>	<u>\$ 99,910</u>

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

Governmental Activities:	
Health Services	<u>\$ 16,157</u>
Total Depreciation - Governmental Activities	<u>\$ 16,157</u>

Long-Term Debt

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Total OPEB Liability	\$ 9,506	\$ 795	\$ -	\$ 10,301	\$ -
Compensated Absences	47,445	44,905	47,669	44,681	8,936
Total Governmental Activities:					
Long-Term Liabilities	<u>\$ 56,951</u>	<u>\$ 45,700</u>	<u>\$ 47,669</u>	<u>\$ 54,982</u>	<u>\$ 8,936</u>

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, 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, 2021:

Active Employees	6
Total	<u>6</u>

Total OPEB Liability

The District's total OPEB liability of \$10,301 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 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	3.54%
Health Care Cost Trend Rates	6.50% in 2021, 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, 2022**

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-2020.

The actuarial assumptions used in the July 1, 2020 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, 2021	\$ 9,506
Changes for the Year:	
Service Cost	845
Interest on Total OPEB Liability	223
Difference Between Expected and Actual Experience	(172)
Changes in Assumptions or Other Inputs	(101)
Net Changes	795
Balances as of June 30, 2022	<u>\$ 10,301</u>

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

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 (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 10,301	\$ 10,301	\$ 10,185

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	\$ 9,655	\$ 10,301	\$ 10,986

**EASTERN HIGHLANDS HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, the District recognized OPEB expense of (\$1,084). At June 30, 2022, 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	\$ -	\$ 7,396
Changes of Assumptions or Other Inputs	840	81
Total	<u>\$ 840</u>	<u>\$ 7,477</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>
2023	\$ (2,152)
2024	(2,152)
2025	(2,152)
2026	(231)
2027	35
Thereafter	15
Total	<u>\$ (6,637)</u>

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, 2022**

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, 2022:

Andover	\$	19,603
Ashford		25,780
Bolton		27,766
Chaplin		12,729
Columbia		32,590
Coventry		75,168
Mansfield		144,894
Scotland		9,505
Tolland		83,103
Willington		33,337
Total	\$	<u>464,475</u>

No amounts were due to or from the member towns as of June 30, 2022.

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 FOUR FISCAL YEARS*

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

The discount rate was changed from 2.16% in 2021 to 3.54% in 2022.

