

**WILTON-LYNDEBOROUGH
COOPERATIVE SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

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JUNE 30, 2017**

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Wilton-Lyndeborough Cooperative School District
Wilton, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Wilton-Lyndeborough Cooperative School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilton-Lyndeborough Cooperative School District, as of June 30, 2017, and the respective changes in financial position and, the respective budgetary comparison for the general fund and the food service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress for Other Postemployment Benefit Plan, the Schedule of District's Proportionate Share of Net Pension Liability, and the Schedule of School District Contributions be presented to supplement the basic financial statements. Such information, 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

***Wilton-Lyndeborough Cooperative School District
Independent Auditor's Report***

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wilton-Lyndeborough Cooperative School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Plodzik & Sanderson
Professional Association*

January 17, 2018

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

As management of the Wilton-Lyndeborough Cooperative School District (District), we offer readers of the District's financial statements this narrative that represents an overview and analysis of the financial activities for the fiscal year ending June 30, 2017. We encourage you to read and review the information presented here in conjunction with additional information that we have furnished in the District's annual audited financial statements, which accompany this report.

Financial Highlights

The District's total combined net position decreased from \$(4,300,337) to \$(4,588,517), a decrease of \$288,180 between FY 2016 and FY 2017.

Note: The District's negative net position is due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require employers to recognize their proportionate share of collective net pension liability based upon their plan contributions for the year.

- The District's capital assets decreased from \$10,809,773 to \$10,717,117 between FY 2016 and FY 2017. This represents a decrease of \$92,656 or .86%. Refer to the Notes to the Basic Financial Statements - Note 5. It reflects the recording of final construction payments and current year depreciation on applicable assets.
- The District's net pension liability increased from \$6,789,230 to \$8,786,887 between FY 2016 and FY 2017. This represents an increase of \$1,997,657. This is primarily due to changes in assumptions. Refer to the Notes to the Basic Financial Statements - Note 9. The mortality rate was updated from a 2000 table to a 2014 table.
- The District's total debt for FY 2017 was \$9,140,570 a decrease of \$350,032 (3.83%). The reduction was due to the lowering of the total outstanding balance on bonds.

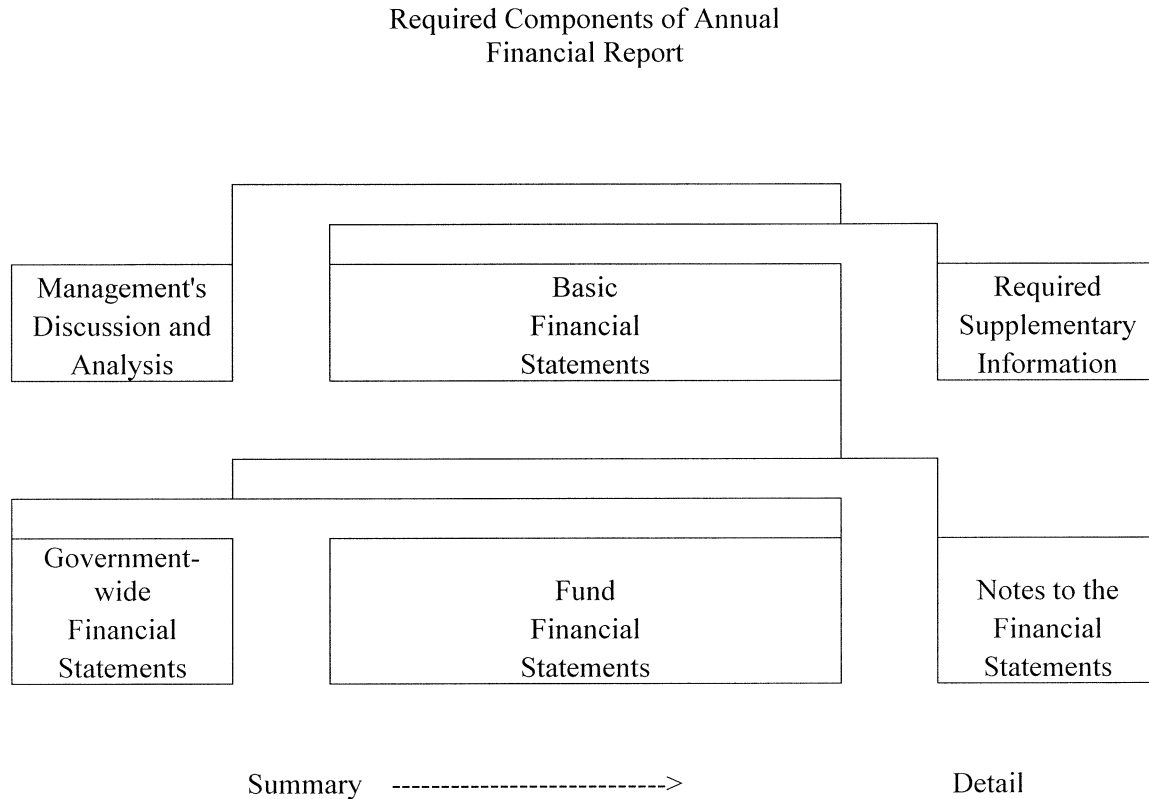
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Wilton-Lyndeborough Cooperative School District's basic financial statements. The District's basic financial statements consists of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the basic financial statements
- 4) Required supplementary information

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Wilton-Lyndeborough Cooperative School District.



Basic Financial Statements

The basic financial statement includes two kinds of statements that present different views of the District.

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the District's overall financial status.

The remaining statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the District's government. These statements provide more detail than the government-wide statements.

The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Required Supplementary Information** is provided that further explains and supports the information about the District's other postemployment benefit liability.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, similar in format to a financial statement of a private-sector business. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expense are accounted for in the statement of activities regardless of when the cash is received or paid. The government-wide statements provide short and long-term information about the District's financial status as a whole.

The two government-wide statements report the District's net position and how they have changed. Net position is the difference between the District's total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources. Measuring net position is one way to measure the District's financial position.

- Over time, increases and decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements are on Exhibits A and B of the annual financial report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the District's more significant funds – not the District as a whole. 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.

- Some funds are required by State law.
- The School Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Wilton-Lyndeborough Cooperative School District uses two kinds of funds:

- Governmental funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements.

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

Most of the District's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the District's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

The District adopts an annual budget for its General, Food Service, and Grants Funds, as required by the New Hampshire Statutes. The budget is a legally adopted document that incorporates input from the citizens of the District, the management of the schools and SAU 63, and the decisions of the School Board about which services to provide and how to pay for them. It also authorizes the District to obtain funds from identified sources to finance these current period activities. The budgetary statements provided for the General Fund demonstrates how well the District complied with the budget adopted and whether or not the District succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the legal budget document. The statement shows three columns: 1) the original and final budget as adopted by the board; 2) the actual resources and charges to appropriations; and 3) the difference or variance between the adopted budget and the actual resources and charges. The other governmental funds are Food Service and Grants.

- Fiduciary funds – The District is the fiduciary for certain funds such as the Student Activity Funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary balances are reported in a separate statement of Fiduciary Net Position. These are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

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. The notes to the basic financial statements begin on page 22 of the annual audit report.

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. This is where the schedule of funding progress for the other postemployment benefit plan is presented. Required supplementary information can be found in the annual financial report.

The Wilton-Lyndeborough Cooperative School District's Net Position

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Current and Other Assets	\$ 1,196,912	\$ 2,018,320	-40.70%
Capital Assets	<u>10,717,117</u>	<u>10,809,773</u>	<u>-0.86%</u>
Total Assets	<u>\$ 11,914,029</u>	<u>\$ 12,828,093</u>	<u>-7.13%</u>
Deferred Outflows of Resources	<u>2,537,501</u>	<u>986,636</u>	157.19%
Long-Term Liabilities	\$ 17,648,796	\$ 16,227,136	8.76%
Outstanding			
Other Liabilities	<u>963,671</u>	<u>844,380</u>	<u>14.13%</u>
Total Liabilities	<u>\$ 18,612,467</u>	<u>\$ 17,071,516</u>	<u>9.03%</u>
Deferred Inflows of Resources	<u>427,580</u>	<u>1,043,550</u>	-59.03%
Net Investment in Capital Assets	\$ 1,377,982	\$ 1,319,171	4.46%
Restricted	15,644	261,443	-94.02%
Unrestricted Net Position	<u>(5,982,143)</u>	<u>(5,880,951)</u>	<u>1.72%</u>
(Deficit)			
Total Net Position	<u>\$ (4,588,517)</u>	<u>\$ (4,300,337)</u>	<u>6.70%</u>

Net position of the District's governmental activities decreased 6.7% or \$288,180 as of June 30, 2017. Although the District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

The District received \$12,099,114 from all sources of revenue. Seventy-one percent (\$8,612,541) of the District's revenue came from local taxes. Twenty-one percent (\$2,539,511) came from the state education tax and the state adequacy grant. Five percent (\$645,144) came from various state and federal grants. Two percent (\$199,156) came from other local revenues. The other one percent (\$102,762) came from other financing sources; capital reserve – building equipment trust fund.

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

The deficit in unrestricted net position is a result of unfunded long-term liabilities. This includes Compensated Absences, Other Postemployment Benefits and Pension Liability. These obligations are funded in each current year budget as needed.

Wilton-Lyndeborough Cooperative School District's

Summary of Changes in Net Position					
Governmental Activities					
	2017	2016	Dollar	Percentage	
	Amount	Amount	Difference	Difference	
Revenues:					
Program Revenue:					
Charges for Services	\$ 163,609	\$ 147,546	\$ 16,063	9.82%	
Operating Grants and Contributions	465,176	503,819	(38,643)	-8.31%	
Capital Grants and Contributions	128,000	130,000	(2,000)	-1.56%	
General Revenue:					
School District Assessment	8,612,541	8,440,034	172,507	2.00%	
Unrestricted Grants	2,696,889	2,689,429	7,460	0.28%	
Miscellaneous & Interest	32,899	81,468	(48,569)	-147.63%	
Total Revenues	12,099,114	11,992,296	106,818	0.88%	
Expenses:					
Instruction	6,711,189	6,294,764	416,425	6.20%	
Support Services:			0		
Student	1,545,063	1,282,346	262,717	17.00%	
Instructional Staff	227,124	406,283	(179,159)	-78.88%	
General Administration	12,991	17,800	(4,809)	-37.02%	
Executive Administration	446,281	442,446	3,835	0.86%	
School Administration	773,204	720,944	52,260	6.76%	
Business	318,133	309,217	8,916	2.80%	
Operation and Maintenance of Plant	1,079,030	973,343	105,687	9.79%	
Student Transportation	460,630	460,599	31	0.01%	
Other	214,532	281,991	(67,459)	-31.44%	
Noninstructional Services	220,458	213,529	6,929	3.14%	
Interest on Long-Term Debt	378,659	377,385	1,274	0.34%	
Total Expenses	12,387,294	11,780,647	606,647	4.90%	
Change in Net Position	(288,180)	211,649	(499,829)	173.44%	
Net Position - Beginning	(4,300,337)	(4,511,986)	211,649	-4.92%	
Net Position - Ending	\$ (4,588,517)	\$ (4,300,337)	\$ (288,180)	6.28%	

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

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 usable resources. Such information is useful in assessing the District's financing requirements.

On June 30, 2017, the governmental funds of the Wilton-Lyndeborough Cooperative School District reported a combined fund balance of \$1,005,378. Included in the total fund balance are fund balances in the General Fund, Food Service, and Special Revenue Funds. The Special Revenue Funds include Grants and other Governmental Funds.

General Fund Budgetary Highlights:

Beginning Fund Balance	177,268
Fund Balance used to reduce assessment	(170,994)
Estimated Fund Balance per Report:	
Revenue Surplus:	308,811
Unexpended Balance of appropriations:	<u>118,607</u>
2016-17 Budget Surplus	427,418
Audited Unassigned Fund Balance (to Offset Tax Rate):	433,692

Unanticipated Revenue is comprised of the following:

Unanticipated/(Deficit) of Revenue Budget	
Other Local Sources:	
Tuition	5,820
Investment Income	(5,000)
Rental	3,540
Miscellaneous	8,611
State Sources:	
Catastrophic Aid	(1,869)
Child Care Aid	1,318
Vocational Aid	77
Federal Sources:	
Medicaid	29,443
Other Sources:	
Transfer in from Capital Project surplus	164,109
Transfer in from Capital Reserve - Bldg Improve	<u>102,762</u>
Total Revenue Surplus	<u>308,811</u>

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

Capital Assets and Debt Administration

Capital assets:

The District's investment in capital assets for its governmental activities as of June 30, 2017, totals \$10,717,117 (net of accumulated depreciation). These assets include buildings, land, construction in progress, machinery and equipment, athletic fields and facilities, and vehicles.

Wilton-Lyndeborough Cooperative School District Capital Assets

	Governmental Activities		
	(Net of Depreciation)		
	June 30, <u>2017</u>	June 30, <u>2016</u>	Change <u>2016-2017</u>
Land	\$ 1,004,900	\$ 1,004,900	0.00%
Work in Progress	-	8,037,809	-100.00%
Buildings & Improvements	9,683,659	1,734,423	458.32%
Machinery, Vehicles & Equipment	<u>28,558</u>	<u>32,641</u>	<u>-12.51%</u>
Total	<u>\$ 10,717,117</u>	<u>\$ 10,809,773</u>	<u>-0.86%</u>

The Wilton-Lyndeborough Cooperative School District considers a capital asset to be an asset whose costs exceed \$10,000 and has a useful life of greater than one (1) year. Assets are depreciated using the straight-line method over the course of their useful life. Note I-H of the Notes to the Basic Financial Statements, states that Building and building improvements have a useful life of 20 to 30 years. While Machinery and Equipment, which includes Vehicles, have a useful life of 10 years.

Additional information on the School District's capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

Long-term Debt:

As of June 30, 2017, the district had total bonded debt outstanding of \$9,140,570.

Wilton-Lyndeborough Cooperative School District's Outstanding Long-Term Debt

Governmental Activities			
	June 30, <u>2017</u>	June 30, <u>2016</u>	Change <u>2016-17</u>
General Obligation Bonds Payable			
Middle/High School Renovation	\$ 960,000	\$ 1,280,000	-25.00%
Florence Rideout Elementary Renov	7,640,000	7,640,000	0.00%
Unamortized Bond Premiums	<u>540,570</u>	<u>570,602</u>	<u>-5.26%</u>
Total	<u>\$ 9,140,570</u>	<u>\$ 9,490,602</u>	<u>-3.69%</u>

At the end of FY 2017, the District had \$9,140,570 in General Obligation bonds outstanding, a decrease of 3.69% under last year as shown above. During fiscal year 2017 the District showed a reduction of \$350,032. This is a result of a decrease on the outstanding school bonds.

New Hampshire general statutes limit the amount of general obligation debt that a school district can issue to 7 percent of the total assessed value of taxable property located within that town's boundaries. The total combined assessed valuations for Wilton and Lyndeborough is \$535,804,711. The legal debt limit for the Cooperative District is \$37,506,330. As stated above, the District's outstanding debt as of June 30, 2017 is \$9,140,570.

See Note 8 in the Notes to the Basic Financial Statements for a summary of all outstanding long-term liabilities.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the District:

- According to the New Hampshire Economic and Labor Market Information Bureau, the Northeast Urban consumer price index for all consumers (not seasonally adjusted) for June, 2017 was 259.335, up from 255.532 the prior year. During the same time period the national CPI increased from 244.955 to 241.038, an increase of 1.6%.
- Student enrollment continues to decrease. The enrollment in June, 2017, was 570 including 38 kindergarten students. It is projected that enrollment for grades one through twelve will decrease in future years.

Management's Discussion and Analysis
For the Period Ending
June 30, 2017

- Health insurance rates continue to increase. The increase in health coverage is increasing at a rate higher than salaries. Consumer driven plans are replacing the traditional health plans to help minimize the rate increases.

Requests for Information

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information regarding the District's annual financial report should be directed to the Office of the Superintendent of Schools, 192 Forest Road, Lyndeborough, NH 03082 or by telephone to the Business Administrator at 603-732-9174.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 719,811
Accounts receivables	17,504
Intergovernmental receivable	434,236
Inventory	7,609
Prepaid items	17,752
Capital assets, not being depreciated	1,004,900
Capital assets, net of accumulated depreciation	9,712,217
Total assets	<u>11,914,029</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	<u>2,537,501</u>
LIABILITIES	
Accounts payable	143,680
Intergovernmental payable	2,607
Accrued interest payable	143,284
Accrued salaries and benefits	44,068
Noncurrent obligations:	
Due within one year	630,032
Due in more than one year	17,648,796
Total liabilities	<u>18,612,467</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants	1,179
Amounts related to pensions	426,401
Total deferred inflows of resources	<u>427,580</u>
NET POSITION	
Net investment in capital assets	1,377,982
Restricted	15,644
Unrestricted	(5,982,143)
Total net position	<u><u>\$ (4,588,517)</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT B
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

		Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
	Expenses				
Governmental activities:					
Instruction	\$ 6,711,189	\$ 51,120	\$ 223,944	\$ -	\$ (6,436,125)
Support services:					
Student	1,545,063	-	108,998	-	(1,436,065)
Instructional staff	227,124	-	31,713	-	(195,411)
General administration	12,991	-	-	-	(12,991)
Executive administration	446,281	-	-	-	(446,281)
School administration	773,204	-	-	-	(773,204)
Business	318,133	-	-	-	(318,133)
Operation and maintenance of plant	1,079,030	3,740	-	-	(1,075,290)
Student transportation	460,630	-	3,077	-	(457,553)
Other	214,532	-	-	-	(214,532)
Noninstructional services	220,458	108,749	97,444	-	(14,265)
Interest on long-term debt	378,659	-	-	128,000	(250,659)
Total governmental activities	<u>\$ 12,387,294</u>	<u>\$ 163,609</u>	<u>\$ 465,176</u>	<u>\$ 128,000</u>	<u>(11,630,509)</u>
General revenues:					
School district assessment					8,612,541
Grants and contributions not restricted to specific programs					2,696,889
Miscellaneous					32,899
Total general revenues					<u>11,342,329</u>
Change in net position					(288,180)
Net position, beginning					(4,300,337)
Net position, ending					<u>\$ (4,588,517)</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-1
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2017

	General	Food Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 704,647	\$ 15,164	\$ -	\$ 719,811
Receivables:				
Accounts	11,355	6,149	-	17,504
Intergovernmental	406,708	5,328	22,200	434,236
Interfund receivables	54,548	-	-	54,548
Inventory	-	7,609	-	7,609
Prepaid items	15,066	2,686	-	17,752
Total assets	<u>\$ 1,192,324</u>	<u>\$ 36,936</u>	<u>\$ 22,200</u>	<u>\$ 1,251,460</u>
LIABILITIES				
Accounts payable	\$ 140,849	\$ 2,831	\$ -	\$ 143,680
Accrued salaries and benefits	44,068	-	-	44,068
Intergovernmental payable	2,607	-	-	2,607
Interfund payable	-	33,527	21,021	54,548
Total liabilities	<u>187,524</u>	<u>36,358</u>	<u>21,021</u>	<u>244,903</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	<u>-</u>	<u>-</u>	<u>1,179</u>	<u>1,179</u>
FUND BALANCES (DEFICIT)				
Nonspendable	15,066	10,295	-	25,361
Committed	388,219	-	-	388,219
Assigned	182,889	-	-	182,889
Unassigned (deficit)	418,626	(9,717)	-	408,909
Total fund balances	<u>1,004,800</u>	<u>578</u>	<u>-</u>	<u>1,005,378</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,192,324</u>	<u>\$ 36,936</u>	<u>\$ 22,200</u>	<u>\$ 1,251,460</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-2
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,005,378
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 15,846,274	
Less accumulated depreciation	<u>(5,129,157)</u>	
		10,717,117
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 2,537,501	
Deferred inflows of resources related to pensions	<u>(426,401)</u>	
		2,111,100
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (54,548)	
Payables	<u>54,548</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(143,284)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 8,600,000	
Unamortized bond premium	540,570	
Compensated absences	152,806	
Other postemployment benefits	198,565	
Net pension liability	<u>8,786,887</u>	
		<u>(18,278,828)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (4,588,517)</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-3
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General	Food Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	\$ 8,612,541	\$ -	\$ -	\$ 8,612,541
Other local	87,450	109,287	2,419	199,156
State	2,829,284	2,899	-	2,832,183
Federal	109,443	94,007	251,784	455,234
Total revenues	<u>11,638,718</u>	<u>206,193</u>	<u>254,203</u>	<u>12,099,114</u>
EXPENDITURES				
Current:				
Instruction	6,183,106	-	113,183	6,296,289
Support services:				
Student	1,380,741	-	108,998	1,489,739
Instructional staff	188,585	-	31,713	220,298
General administration	12,991	-	-	12,991
Executive administration	442,455	-	-	442,455
School administration	740,785	-	-	740,785
Business	307,469	-	-	307,469
Operation and maintenance of plant	1,018,859	-	-	1,018,859
Student transportation	460,630	-	-	460,630
Other	184,938	-	-	184,938
Noninstructional services	-	220,458	-	220,458
Debt service:				
Principal	320,000	-	-	320,000
Interest	390,490	-	-	390,490
Facilities acquisition and construction	-	-	97,643	97,643
Total expenditures	<u>11,631,049</u>	<u>220,458</u>	<u>351,537</u>	<u>12,203,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,669</u>	<u>(14,265)</u>	<u>(97,334)</u>	<u>(103,930)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	164,109	14,265	-	178,374
Transfers out	(14,265)	-	(164,109)	(178,374)
Total other financing sources (uses)	<u>149,844</u>	<u>14,265</u>	<u>(164,109)</u>	<u>-</u>
Net change in fund balances	157,513	-	(261,443)	(103,930)
Fund balances, beginning	847,287	578	261,443	1,109,308
Fund balance, ending	<u>\$ 1,004,800</u>	<u>\$ 578</u>	<u>\$ -</u>	<u>\$ 1,005,378</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-4
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ (103,930)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 51,382	
Depreciation expense	<u>(144,038)</u>	
		(92,656)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (178,374)	
Transfers out	<u>178,374</u>	
		-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal repayment of bond	\$ 320,000	
Amortization of bond premium	<u>30,032</u>	
		350,032
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 11,831	
Increase in compensated absences payable	(16,633)	
Change in other postemployment benefits	(37,402)	
Change in net pension liability and deferred outflows and inflows of resources related to pensions	<u>(399,422)</u>	
		<u>(441,626)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (288,180)</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT D-1
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
School district assessment	\$ 8,612,541	\$ 8,612,541	\$ 8,612,541	\$ -
Other local	71,946	71,946	84,917	12,971
State	2,829,758	2,829,758	2,829,284	(474)
Federal	80,000	80,000	109,443	29,443
Total revenues	<u>11,594,245</u>	<u>11,594,245</u>	<u>11,636,185</u>	<u>41,940</u>
EXPENDITURES				
Current:				
Instruction	6,355,150	6,357,494	6,188,803	168,691
Support services:				
Student	1,304,888	1,296,735	1,380,778	(84,043)
Instructional staff	210,742	208,980	189,012	19,968
General administration	10,437	10,222	11,924	(1,702)
Executive administration	456,320	457,958	441,933	16,025
School administration	746,001	742,934	746,841	(3,907)
Business	305,225	304,928	307,412	(2,484)
Operation and maintenance of plant	927,290	930,987	895,518	35,469
Student transportation	477,389	469,786	463,047	6,739
Other	258,007	271,425	183,701	87,724
Debt service:				
Principal	320,000	320,000	320,000	-
Interest	393,790	393,790	390,490	3,300
Facilities acquisition and construction	-	-	102,762	(102,762)
Total expenditures	<u>11,765,239</u>	<u>11,765,239</u>	<u>11,622,221</u>	<u>143,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170,994)</u>	<u>(170,994)</u>	<u>13,964</u>	<u>184,958</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	266,871	266,871
Transfers out	-	-	(24,411)	(24,411)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>242,460</u>	<u>242,460</u>
Net change in fund balance	<u>\$ (170,994)</u>	<u>\$ (170,994)</u>	<u>256,424</u>	<u>\$ 427,418</u>
Unassigned fund balance, beginning			<u>177,268</u>	
Unassigned fund balance, ending			<u>\$ 433,692</u>	

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT D-2
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Local:				
Sales - Lunch	\$ 94,250	\$ 94,250	\$ 95,774	\$ 1,524
Sales- Breakfast	11,861	11,861	9,580	(2,281)
Sales - Other	25,110	25,110	3,933	(21,177)
State:				
Lunch reimbursement	2,985	2,985	2,480	(505)
Breakfast reimbursement	535	535	419	(116)
Federal:				
Lunch reimbursement	62,859	62,859	60,599	(2,260)
Breakfast reimbursement	21,750	21,750	18,945	(2,805)
Milk reimbursement	250	250	700	450
USDA commodities	-	-	13,763	13,763
Total revenues	<u>219,600</u>	<u>219,600</u>	<u>206,193</u>	<u>(13,407)</u>
EXPENDITURES				
Current:				
Noninstructional services	<u>219,600</u>	<u>219,600</u>	<u>220,458</u>	<u>(858)</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(14,265)</u>	<u>(12,549)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>14,265</u>	<u>14,265</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 14,265</u>
Fund balance, beginning			578	
Fund balance, ending			<u>\$ 578</u>	

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT E
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2017

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	<u>\$ 57,583</u>
LIABILITIES	
Due to student groups	<u>\$ 57,583</u>

The notes to the basic financial statements are an integral part of this statement.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wilton-Lyndeborough Cooperative School District, in Wilton New Hampshire (the School District), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2017 the School District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a government should apply.

1-A Reporting Entity

The Wilton-Lyndeborough Cooperative School District is a municipal corporation governed by an elected 9-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The School District has no component units to include in its reporting entity.

The following is a summary of the more significant accounting policies:

1-B Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through assessments and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the School District at year-end. This statement includes all of the School District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: current, debt service or facilities acquisition and construction. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment, real property, or infrastructure.

Other Financing Sources (Uses) – These additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds. Transfers are reported when incurred as “transfers in” by the receiving fund and as “transfers out” by the disbursing fund.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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 School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation - A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The School District reports the following major governmental funds:

General Fund – is the School District’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include district assessments, state and federal grants, and other local sources. The primary expenditures are for instruction, support services and debt service. Under GASB Statement No. 54 guidance the expendable trust funds are consolidated in the general fund.

Food Service Fund – accounts for the operation of the School District’s food service program.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a Statement of Net Position. These funds account for resources held by the School District for the benefit of other parties, and include the agency funds. Fiduciary funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

Nonmajor Funds – The School District also reports two nonmajor governmental funds. All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

1-D Cash and Cash Equivalents

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

New Hampshire statutes require that the School District treasurer have custody of all money belonging to the School District and pay out the same only upon orders of the School Board. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Receivables

Receivables in the government-wide and governmental fund financial statements represent amounts due to the School District at June 30, recorded as revenue, which will be collected in the future and consist primarily of accounts and intergovernmental receivables.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

1-F Inventory

The inventories of the School District are valued at cost (first-in, first-out), which approximates market. The inventories of the School District's food service fund consist of materials and supplies held for subsequent use. The cost of these inventories is expended when consumed rather than when purchased.

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and governmental fund financial statements and expensed as the items are used.

1-H Capital Assets

Capital assets are defined by the School District as assets with an initial individual cost of \$10,000 or more and an estimated life in excess of five years. Capital assets include property, plant, and equipment, infrastructure assets (e.g. roads, sidewalks, drainage, and similar items) and are reported in governmental activities.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the School District as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the governmental activities column of the government-wide Statement of Net Position. When cost of general capital assets cannot be determined from available records, estimated historical cost is used.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	20-30
Machinery and equipment	10

1-I Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-J Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2017.

1-K Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-L Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums are deferred and amortized over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium.

1-M Compensated Absences

The School District's policy allows certain employees to earn varying amounts of vacation and sick pay based on the employee's length of employment. Upon retirement or termination of employment, employees are paid in full for any accrued leave earned as set forth by personnel policy.

An expense and a liability for vacation, sick pay, and salary-related payments are accrued as the leave is earned in the government-wide financial statements. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used.

1-N Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules are prepared by New Hampshire Retirement System, and are audited by the plan's independent auditors.

1-O Net Position/Fund Balances

Government-wide statements – Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – This classification includes the School District's capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – This classification includes assets that have third-party (statutory, bond covenant, or granting agency) limitation on their use. The School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position – This classification typically includes unrestricted liquid assets.

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extend of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

Unassigned – This classification is the portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

When multiple net position/fund balance classifications are available for use, it is the government’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

1-P Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives of capital assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District’s operations. At its annual meeting, the School District adopts a budget for the current year for the general and food service funds, as well as the nonmajor grants fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2017, \$170,994 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

The School District employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis, presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

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The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 11,903,056
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	2,533
To remove transfer to the general fund from the expendable trust fund	(102,762)
Per Exhibit C-3 (GAAP Basis)	<u>\$ 11,802,827</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 11,646,632
Adjustments:	
Basis difference:	
Encumbrances, beginning	191,717
Encumbrances, ending	(182,889)
GASB Statement No. 54:	
To remove transfer from the general fund to the expendable trust fund	(10,146)
Per Exhibit C-3 (GAAP basis)	<u>\$ 11,645,314</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$777,230 with petty cash totaling \$164 for a total cash balance of \$777,394 while the bank balances at June 30, 2017 totaled \$1,069,605.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 719,811
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E)	57,583
Total cash and cash equivalents	<u>\$ 777,394</u>

NOTE 4 – RECEIVABLES

Receivables at June 30, 2017, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, restricted grants, and funds held in custody of the Town of Wilton Trustee of Trust Funds. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

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NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 consisted of the following:

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 1,004,900	\$ -	\$ -	\$ 1,004,900
Construction in progress	8,037,809	51,382	(8,089,191)	-
Total capital assets not being depreciated	9,042,709	51,382	(8,089,191)	1,004,900
Being depreciated:				
Buildings and building improvements	6,710,349	8,089,191	-	14,799,540
Equipment and vehicles	41,834	-	-	41,834
Total capital assets being depreciated	6,752,183	8,089,191	-	14,841,374
Total capital assets	15,794,892	8,140,573	(8,089,191)	15,846,274
Less accumulated depreciation:				
Buildings and building improvements	(4,975,926)	(139,955)	-	(5,115,881)
Equipment and vehicles	(9,193)	(4,083)	-	(13,276)
Total accumulated depreciation	(4,985,119)	(144,038)	-	(5,129,157)
Net book value, capital assets being depreciated	1,767,064	7,945,153	-	9,712,217
Net book value, all capital assets	\$ 10,809,773	\$ 7,996,535	\$ (8,089,191)	\$ 10,717,117

Depreciation expense of \$144,038 charged to the instruction function of the School District based on the usage of the related assets.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General	Food Service	\$ 33,527
	Nonmajor	21,021
		<u>\$ 54,548</u>

Interfund transfers during the year ended June 30, 2017 are as follows:

	Transfers In:		
	General Fund	Food Service Fund	Total
Transfers out:			
General fund	\$ -	\$ 14,265	\$ 14,265
Nonmajor fund	164,109	-	164,109
Total	<u>\$ 164,109</u>	<u>\$ 14,265</u>	<u>\$ 178,374</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

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NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of \$2,537,501 in the governmental activities of June 30, 2017 consists of amounts related to pensions, see Note 9 for further information on deferred amounts related to pensions.

Deferred inflows of resources reported in the governmental funds are as follows:

	<u>Exhibit A</u>	<u>Exhibit C-1</u>
Federal grant revenue collected in advance of eligible expenditures being made	\$ 1,179	\$ 1,179
Amounts related to pensions (see Note 9)	426,401	-
Total deferred inflows of resources	<u>\$ 427,580</u>	<u>\$ 1,179</u>

NOTE 8 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2017:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 8,920,000	\$ -	\$ (320,000)	\$ 8,600,000	\$ 600,000
Premium	570,602	-	(30,032)	540,570	30,032
Total bonds payable	9,490,602	-	(350,032)	9,140,570	630,032
Compensated absences	136,173	16,633	-	152,806	-
Other postemployment benefits	161,163	37,402	-	198,565	-
Net pension liability	6,789,230	1,997,657	-	8,786,887	-
Total long-term liabilities	<u>\$ 16,577,168</u>	<u>\$ 2,051,692</u>	<u>\$ (350,032)</u>	<u>\$ 18,278,828</u>	<u>\$ 630,032</u>

Long-term bonds are comprised of the following:

	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2017</u>
General obligation bonds payable:					
Middle/High school renovation	\$ 6,476,755	1999	2020	4.5-5.25%	\$ 960,000
Florence Rideout Elementary renovation	\$ 7,640,000	2014	2035	3.40%	7,640,000
					<u>\$ 8,600,000</u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2017, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 600,000	\$ 366,550	\$ 966,550
2019	615,000	335,088	950,088
2020	630,000	302,860	932,860
2021	325,000	278,268	603,268
2022	340,000	261,310	601,310
2023-2027	1,985,000	1,035,788	3,020,788
2028-2032	2,405,000	602,803	3,007,803
2033-2035	1,700,000	106,395	1,806,395
Totals	<u>\$ 8,600,000</u>	<u>\$ 3,289,062</u>	<u>\$ 11,889,062</u>

The bond premium will be amortized using the straight-line method over the life of the bond.

All debt is general obligation debt of the School District, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

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NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided: The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions: The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2017, the School District contributed 15.67% for teachers and 11.17% for other employees. The contribution requirements for the fiscal years 2015, 2016, and 2017 were \$659,768, \$699,539, and \$709,475, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At June 30, 2017, the School District reported a liability of \$8,786,887 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2016, the School District's proportion was 0.16524172% which was a decrease of 0.00613738% from its proportion measured as of June 30, 2015.

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For the year ended June 30, 2017, the School District recognized pension expense of \$995,906. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 285,480	\$ 315,444
Net difference between projected and actual investment earnings on pension plan investments	549,753	-
Changes in assumptions	1,081,386	-
Differences between expected and actual experience	24,419	110,957
Contributions subsequent to the measurement date	596,463	-
Total	<u>\$ 2,537,501</u>	<u>\$ 426,401</u>

The \$596,463 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2017	\$ 329,796
2018	329,796
2019	485,236
2020	353,224
2021	16,585
Totals	<u>\$ 1,514,637</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2015, using the following actuarial assumptions which, accordingly apply to 2016 measurements:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
Investment rate of return:	7.25% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return: The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

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Following is a table presenting target allocations and long-term rates of return for 2016:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2016</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	4.75%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.64%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.71%
Absolute Return Fixed Income	7.00%	1.08%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	3.68%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

Discount Rate: The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2016	\$ 11,290,550	\$ 8,786,887	\$ 6,710,494

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

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NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Annual OPEB Cost - The School District provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provision of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the School District's contractual agreements.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement No. 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

The School District has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2017:

Annual required contribution/OPEB cost	\$ 76,227
Interest on net OPEB obligation	6,447
Adjustment to annual required contribution	(9,139)
Annual OPEB cost (expense)	<u>73,535</u>
Contributions made	<u>(36,133)</u>
Increase in net OPEB obligation	37,402
Net OPEB obligation - beginning of year	<u>161,163</u>
Net OPEB obligation - end of year	<u><u>\$ 198,565</u></u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the four preceding years were as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Expected Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
June 30, 2017	\$ 76,227	\$ 36,133	47.40%	\$ 198,565
June 30, 2016	\$ 180,793	\$ 154,582	85.50%	\$ 161,163
June 30, 2015	\$ 200,340	\$ 181,378	90.54%	\$ 136,443
June 30, 2014	\$ 199,408	\$ 153,034	76.70%	\$ 119,008
June 30, 2013	\$ 196,219	\$ 123,584	63.00%	\$ 72,635

As of July 1, 2016, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$662,642, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$662,642. The covered payroll (annual payroll of active employees covered by the plan) was \$938,364 during fiscal year 2017, and the ratio of the UAAL to the covered payroll was 70.62%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefits Plan, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes

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does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return per annum. The projected annual healthcare cost trend is 9% initially, reduced by decrements to an ultimate rate of 5.0% for years 2018 and later. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2017 was 30 years.

NOTE 11– ENCUMBRANCES

Encumbrances outstanding at June 30, 2017 are as follows:

Current:	
Instruction:	
Regular programs	\$ 5,301
Special programs	6,215
Vocational programs	1,494
Other	4,585
Total instruction	<u>17,595</u>
Support services:	
Student	3,349
Instructional staff	1,814
Executive administration	920
School administration	6,056
Business	91
Operation and maintenance of plant	47,885
Student transportation	2,417
Total support services	<u>62,532</u>
Facilities acquisition and construction	<u>102,762</u>
Total encumbrances	<u>\$ 182,889</u>

NOTE 12 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2017 include the following:

Net investment in capital assets:	
Net book value of all capital assets	\$ 10,717,117
Less:	
General obligation bonds payable	(8,600,000)
Unamortized bond premiums	(540,570)
Total net investment in capital assets	<u>1,377,982</u>
Restricted for:	
General fund prepaid items	15,066
Food service	578
Total restricted fund	<u>15,644</u>
Unrestricted	<u>(5,982,143)</u>
Total net position	<u>\$ (4,588,517)</u>

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NOTE 13 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2017 consist of the following:

	General Fund	Food Service Fund	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 15,066	\$ -	\$ 15,066
Inventory	-	10,295	10,295
Total nonspendable fund balance	15,066	10,295	25,361
Committed:			
Expendable trust	388,219	-	388,219
Assigned:			
Encumbrances	182,889	-	182,889
Unassigned	418,626	(9,717)	408,909
Total governmental fund balances	\$ 1,004,800	\$ 578	\$ 1,005,378

NOTE 14 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2017, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool, currently operating as common risk management and insurance program for member School Districts and cities.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1 to June 30, 2017 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the School District billed and paid for the year ended June 30, 2017 was \$25,694 for workers' compensation and \$34,142 for property/liability. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

NOTE 15 – CONTINGENT LIABILITIES

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the School District believes such disallowances, if any, will be immaterial.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through January 17, 2018, the date the June 30, 2017 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
July 1, 2016	\$ -	\$ 662,642	\$ 662,642	0.00%	\$ 938,364	70.62%
July 1, 2015	\$ -	\$ 2,055,278	\$ 2,055,278	0.00%	\$ 4,956,772	41.46%
July 1, 2012	\$ -	\$ 1,641,872	\$ 1,641,872	0.00%	\$ 5,178,090	37.71%

The notes to the required supplementary information is an integral part of this schedule.

EXHIBIT G
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2017

<u>Fiscal Year End</u>	<u>Valuation Date</u>	<u>District's Proportion of Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>District Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2017	July 1, 2016	0.16524172%	\$ 8,786,887	\$ 4,892,173	179.61%	58.30%
June 30, 2016	July 1, 2015	0.17137910%	\$ 6,789,230	\$ 4,844,446	140.14%	65.47%
June 30, 2015	July 1, 2014	0.17553504%	\$ 6,588,858	\$ 4,907,574	134.26%	59.81%
June 30, 2014	July 1, 2013	0.16127031%	\$ 6,940,727	\$ 4,490,767	154.56%	66.32%

The notes to the required supplementary information is an integral part of this schedule.

EXHIBIT H
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Schedule of School District Contributions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2017

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Pay roll	Contributions as a Percentage of Covered Pay roll
June 30, 2017	July 1, 2016	\$ 591,696	\$ 591,696	\$ -	\$4,892,173	12.09%
June 30, 2016	July 1, 2015	\$ 574,957	\$ 574,957	\$ -	\$4,844,446	11.87%
June 30, 2015	July 1, 2014	\$ 569,476	\$ 569,476	\$ -	\$4,907,574	11.60%
June 30, 2014	July 1, 2013	\$ 401,004	\$ 401,004	\$ -	\$4,490,767	8.93%

The notes to the required supplementary information is an integral part of this schedule.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

As required by GASB Statement No. 45, as amended in December 2009 by GASB Statement No. 57, Exhibit F represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2017, and the two preceding years.

Schedule of the School District's Proportionate Share of Net Pension Liability & Schedule of School District Contributions

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the School District's pension plan at June 30, 2017, and the preceding years.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2016:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	23 years beginning July 1, 2016 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.85% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

Other Information:

Notes	Contribution rates for Fiscal Year 2016 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 8,612,541	\$ 8,612,541	\$ -
Other local sources:			
Tuition	45,300	51,120	5,820
Investment earnings	5,000	-	(5,000)
Rentals	200	3,740	3,540
Miscellaneous	21,446	30,057	8,611
Total from other local sources	71,946	84,917	12,971
State sources:			
Adequacy aid (grant)	1,337,372	1,337,372	-
Adequacy aid (tax)	1,202,139	1,202,139	-
School building aid	128,000	128,000	-
Catastrophic aid	159,247	157,378	(1,869)
Vocational aid	3,000	3,077	77
Other state aid	-	1,318	1,318
Total from state sources	2,829,758	2,829,284	(474)
Federal sources:			
Medicaid	80,000	109,443	29,443
Other financing sources:			
Transfers in	-	266,871	266,871
Total revenues and other financing sources	11,594,245	\$ 11,903,056	\$ 308,811
Use of fund balance to reduce school district assessment	170,994		
Total revenues, other financing sources, and use of fund balance	\$ 11,765,239		

SCHEDULE 2
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 2,756	\$ 4,564,278	\$ 4,458,698	\$ 5,301	\$ 103,035
Special programs	-	1,568,854	1,548,342	6,215	14,297
Vocational programs	9,142	28,400	14,275	1,494	21,773
Other	-	195,962	161,791	4,585	29,586
Total instruction	<u>11,898</u>	<u>6,357,494</u>	<u>6,183,106</u>	<u>17,595</u>	<u>\$ 168,691</u>
Support services:					
Student	3,312	1,296,735	1,380,741	3,349	(84,043)
Instructional staff	1,387	208,980	188,585	1,814	19,968
General administration	1,067	10,222	12,991	-	(1,702)
Executive administration	1,442	457,958	442,455	920	16,025
School administration	-	742,934	740,785	6,056	(3,907)
Business	148	304,928	307,469	91	(2,484)
Operation and maintenance of plant	171,226	930,987	1,018,859	47,885	35,469
Student transportation	-	469,786	460,630	2,417	6,739
Other	1,237	271,425	184,938	-	87,724
Total support services	<u>179,819</u>	<u>4,693,955</u>	<u>4,737,453</u>	<u>62,532</u>	<u>73,789</u>
Debt service:					
Principal of long-term debt	-	320,000	320,000	-	-
Interest on long-term debt	-	393,790	390,490	-	3,300
Total debt service	<u>-</u>	<u>713,790</u>	<u>710,490</u>	<u>-</u>	<u>3,300</u>
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,762</u>	<u>(102,762)</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>-</u>	<u>24,411</u>	<u>-</u>	<u>(24,411)</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 191,717</u>	<u>\$ 11,765,239</u>	<u>\$ 11,655,460</u>	<u>\$ 182,889</u>	<u>\$ 118,607</u>

SCHEDULE 3
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

Unassigned fund balance, beginning		\$ 177,268
Changes:		
Unassigned fund balance used to reduce school district assessment		(170,994)
2016-2017 Budget summary:		
Revenue surplus (Schedule 1)	\$ 308,811	
Unexpended balance of appropriations (Schedule 2)	<u>118,607</u>	
2016-2017 Budget surplus		<u>427,418</u>
Unassigned fund balance, ending		<u><u>\$ 433,692</u></u>

SCHEDULE 4
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Fund Grants	Capital Project Fund	Total
ASSETS			
Intergovernmental receivable	\$ 22,200	\$ -	\$ 22,200
LIABILITIES			
Interfund payable	\$ 21,021	\$ -	\$ 21,021
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	1,179	-	1,179
Total liabilities and deferred inflows of resources	\$ 22,200	\$ -	\$ 22,200

SCHEDULE 5
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	Special Revenue Fund Grants	Capital Project Fund	Total
Revenues:			
Local	\$ 2,110	\$ 309	\$ 2,419
Federal	251,784	-	251,784
Total revenues	<u>253,894</u>	<u>309</u>	<u>254,203</u>
Expenditures:			
Current:			
Instruction	113,183	-	113,183
Support services:			
Student	108,998	-	108,998
Instructional staff	31,713	-	31,713
Facilities acquisition and construction	-	97,643	97,643
Total expenditures	<u>253,894</u>	<u>97,643</u>	<u>351,537</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(97,334)</u>	<u>(97,334)</u>
Other financing uses:			
Transfers out	<u>-</u>	<u>(164,109)</u>	<u>(164,109)</u>
Net change in fund balances	-	(261,443)	(261,443)
Fund balances, beginning	-	261,443	261,443
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE 6
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Student Activities Funds
Combining Schedule of Changes in Student Activities Funds
For the Fiscal Year Ended June 30, 2017

	Balance, beginning	Additions	Deductions	Balance, ending
Schools:				
Middle School/High School	\$ 58,228	\$ 75,382	\$ 81,449	\$ 52,161
Lyndeborough Central	347	960	936	371
Florence Rideout	6,677	12,799	14,425	5,051
Totals	<u>\$ 65,252</u>	<u>\$ 89,141</u>	<u>\$ 96,810</u>	<u>\$ 57,583</u>