

**WILTON-LYNDEBOROUGH
COOPERATIVE SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
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JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2014, 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 of 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 adverse and unmodified audit opinions.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 1-B to the financial statements, management has not recorded the capital assets and related accumulated depreciation in the governmental activities, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets, including infrastructure, be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Wilton-Lyndeborough Cooperative School District, as of June 30, 2014, or the changes in financial position thereof for the year then ended.

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

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Wilton-Lyndeborough Cooperative School District as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund, grants fund, and food service fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis - Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 25) 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 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 individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial 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 individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

January 12, 2015

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 515,095
Accounts receivables, net	15,888
Intergovernmental receivable	554,557
Inventory	7,620
Total assets	<u>1,093,160</u>
LIABILITIES	
Accounts payable	95,309
Accrued salaries and benefits	18,030
Intergovernmental payable	4,409
Accrued interest payable	37,787
Noncurrent obligations:	
Due within one year	328,054
Due in more than one year	<u>1,817,011</u>
Total liabilities	<u>2,300,600</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>449</u>
NET POSITION	
Net investment in capital assets	(1,930,000)
Unrestricted	<u>722,111</u>
Total net position (deficit)	<u><u>\$ (1,207,889)</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, 2014

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change In Net Position
Instruction	\$ 6,376,961	\$ 7,800	\$ 469,411	\$ -	\$ (5,899,750)
Support services:					
Student	1,147,307	-	-	-	(1,147,307)
Instructional staff	329,143	-	-	-	(329,143)
General administration	24,657	-	-	-	(24,657)
Executive administration	473,289	-	-	-	(473,289)
School administration	540,726	-	-	-	(540,726)
Business	344,236	-	-	-	(344,236)
Operation and maintenance of plant	888,627	670	-	-	(887,957)
Student transportation	410,822	-	1,428	-	(409,394)
Other	181,505	-	-	-	(181,505)
Noninstructional services	244,521	100,818	94,156	-	(49,547)
Interest on long-term debt	103,494	-	-	130,000	26,506
Facilities acquisition and construction	103,652	-	-	-	(103,652)
Total governmental activities	<u>\$ 11,168,940</u>	<u>\$ 109,288</u>	<u>\$ 564,995</u>	<u>\$ 130,000</u>	<u>(10,364,657)</u>
General revenues:					
School district assessment					7,933,015
Grants and contributions not restricted to specific programs					2,817,984
Unrestricted investment income					4,342
Miscellaneous					141,301
Total general revenues					<u>10,896,642</u>
Change in net position					531,985
Net position (deficit), beginning					<u>(1,739,875)</u>
Net position (deficit), ending					<u>\$ (1,207,890)</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, 2014

	General	Food Service	Grants	Capital Project	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 496,672	\$ 18,423	\$ -	\$ -	\$ 515,095
Receivables:					
Accounts	15,723	165	-	-	15,888
Intergovernmental	500,597	3,676	50,284	-	554,557
Interfund receivable	176,538	-	-	-	176,538
Inventory	-	7,620	-	-	7,620
Total assets	<u>\$ 1,189,530</u>	<u>\$ 29,884</u>	<u>\$ 50,284</u>	<u>\$ -</u>	<u>\$ 1,269,698</u>
LIABILITIES					
Accounts payable	\$ 53,965	\$ 2,094	\$ -	\$ 39,250	\$ 95,309
Accrued salaries and benefits	18,030	-	-	-	18,030
Intergovernmental payable	4,409	-	-	-	4,409
Interfund payable	-	62,301	49,835	64,402	176,538
Total liabilities	<u>76,404</u>	<u>64,395</u>	<u>49,835</u>	<u>103,652</u>	<u>294,286</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	-	-	449	-	449
FUND BALANCES (DEFICIT)					
Committed	485,506	-	-	-	485,506
Assigned	55,719	-	-	-	55,719
Unassigned	571,900	(34,511)	-	(103,652)	433,737
Total fund balances (deficit)	<u>1,113,125</u>	<u>(34,511)</u>	<u>-</u>	<u>(103,652)</u>	<u>974,962</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,189,529</u>	<u>\$ 29,884</u>	<u>\$ 50,284</u>	<u>\$ -</u>	<u>\$ 1,269,697</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 Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

Total fund balances of governmental funds (Exhibit C-1)		\$	974,963
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.			
Receivables	\$	(176,538)	
Payables		<u>176,538</u>	
			-
Interest on long-term debt is not accrued in governmental funds.			
Accrued interest payable			(37,787)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.			
Bonds	\$	1,930,000	
Compensated absences		96,057	
Other postemployment benefits		<u>119,008</u>	
			<u>(2,145,065)</u>
Net position of governmental activities (Exhibit A)			<u><u>\$ (1,207,889)</u></u>

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

EXHIBIT C-3
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

	General	Food Service	Grants	Capital Project	Total Governmental Funds
REVENUES					
School district assessment	\$ 7,933,015	\$ -	\$ -	\$ -	\$ 7,933,015
Other local	32,132	102,693	630	-	135,455
State	3,094,921	2,830	-	-	3,097,751
Federal	121,351	100,150	313,203	-	534,704
Total revenues	<u>11,181,419</u>	<u>205,673</u>	<u>313,833</u>	<u>-</u>	<u>11,700,925</u>
EXPENDITURES					
Current:					
Instruction	6,174,321	-	144,047	-	6,318,368
Support services:					
Student	1,047,107	-	100,200	-	1,147,307
Instructional staff	265,335	-	63,808	-	329,143
General administration	24,656	-	-	-	24,656
Executive administration	473,289	-	-	-	473,289
School administration	540,726	-	-	-	540,726
Business	344,236	-	-	-	344,236
Operation and maintenance of plant	883,100	-	5,527	-	888,627
Student transportation	410,822	-	-	-	410,822
Other	181,254	-	251	-	181,505
Noninstructional services	-	244,521	-	-	244,521
Debt service:					
Principal	325,000	-	-	-	325,000
Interest	109,857	-	-	-	109,857
Facilities acquisition and construction	-	-	-	103,652	103,652
Total expenditures	<u>10,779,703</u>	<u>244,521</u>	<u>313,833</u>	<u>103,652</u>	<u>11,441,709</u>
Net change in fund balances	401,716	(38,848)	-	(103,652)	259,216
Fund balances, beginning	711,410	4,337	-	-	715,747
Fund balances (deficit), ending	<u>\$ 1,113,126</u>	<u>\$ (34,511)</u>	<u>\$ -</u>	<u>\$ (103,652)</u>	<u>\$ 974,963</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, 2014

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 259,216
Amounts reported for governmental activities in the Statement of Activities are different because:		
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		325,000
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	\$ 6,363	
Increase in compensated absences payable	(12,220)	
Increase in other postemployment benefits	(46,373)	
		(52,230)
Change in net position of governmental activities (Exhibit B)		<u>\$ 531,986</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, 2014

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
School district assessment	\$ 7,933,015	\$ 7,933,015	\$ 7,933,015	\$ -
Other local	7,000	7,000	31,553	24,553
State	3,078,285	3,078,285	3,094,921	16,636
Federal	30,000	30,000	121,351	91,351
Total revenues	11,048,300	11,048,300	11,180,841	132,540
EXPENDITURES				
Current:				
Instruction	6,359,084	6,379,940	6,184,677	195,263
Support services:				
Student	1,088,492	1,138,031	1,051,294	86,737
Instructional staff	302,418	272,342	267,348	4,994
General administration	48,816	48,299	25,497	22,802
Executive administration	540,810	487,057	474,815	12,242
School administration	571,231	571,231	540,726	30,505
Business	309,867	298,377	297,528	849
Operation and maintenance of plant	892,596	931,571	919,017	12,554
Student transportation	440,147	440,147	411,462	28,685
Other	162,231	181,782	181,402	380
Debt service:				
Principal	325,000	325,000	325,000	-
Interest	109,856	109,856	109,857	(1)
Total expenditures	11,150,548	11,183,632	10,788,623	395,010
Excess (deficiency) of revenues over (under) expenditures	(102,248)	(135,332)	392,218	527,550
OTHER FINANCING SOURCES (USES)				
Transfers in	-	33,084	33,084	-
Transfers out	(240,000)	(240,000)	(240,000)	-
Total other financing sources (uses)	(240,000)	(206,916)	(206,916)	-
Net change in fund balance	\$ (342,248)	\$ (342,248)	185,302	\$ 527,550
Decrease in restricted fund balance			1,899	
Unassigned fund balance, beginning			384,700	
Unassigned fund balance, ending			\$ 571,901	

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, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local:			
Sales	\$ 136,639	\$ 100,843	\$ (35,796)
Miscellaneous	-	1,850	1,850
State:			
Lunch reimbursement	20,000	2,830	(17,170)
Federal:			
Lunch reimbursement	58,701	89,451	89,451
USDA commodities	-	10,699	10,699
Total revenues	215,340	205,673	49,034
EXPENDITURES			
Current:			
Noninstructional services	215,340	244,521	(29,181)
Net change in fund balance	\$ -	(38,848)	\$ 19,853
Fund balance, beginning		4,337	
Fund balance (deficit), ending		\$ (34,511)	

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

EXHIBIT D-3
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Fiscal Year Ended June 30, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local	\$ 1,078	\$ 630	\$ (448)
Federal	330,736	313,203	(17,533)
Total revenues	331,814	313,833	(17,981)
EXPENDITURES			
Current:			
Instruction	146,192	144,047	2,145
Support services:			
Student	99,582	100,200	(618)
Instructional staff	74,168	63,808	10,360
Operation and maintenance of plant	11,872	5,527	6,345
Other	-	251	(251)
Total expenditures	331,814	313,833	17,981
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

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 Fiduciary Net Position
June 30, 2014

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 59,534
LIABILITIES	
Due to student groups	<u>59,534</u>
NET POSITION	<u>\$ -</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, 2014

	<u>NOTE</u>
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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, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A Reporting Entity

The Wilton-Lyndeborough Cooperative School District, in Wilton, New Hampshire (the School District) is a municipal corporation governed by an elected 9-member School Board. The accounting policies of the School District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals in the United States.

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

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

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements – The School District’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the School District, accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the School District’s assets, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, with the exception of the capital assets, accumulated depreciation and depreciation expense which have not been inventoried at historical cost by the School District, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Governmental Fund Financial Statements – Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds, and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measureable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are district assessments, intergovernmental revenues, and other local sources. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a Statement of Fiduciary Net Position. The School District’s fiduciary funds are agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED

JUNE 30, 2014

Major Funds – The School District reports the following major governmental funds:

General Fund – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

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

Grants Fund – accounts for the resources received from various federal, state, and local agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

Capital Project Fund – the Lyndeborough Central School capital project fund accounts for the activity pertaining to the construction of a kindergarten classroom.

The School District recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Various intergovernmental revenues, the district assessment, and most donations are examples of nonexchange transactions.

Under the terms of grant agreements, the School District funds certain programs by specific grants, resources, and/or general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the School District’s policy to first apply grant resources to such programs and then general revenues.

Prioritization and Use of Available Resources – When both restricted and unrestricted resources are available for use, it is the School District’s practice to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the general fund, it is the School District’s policy to use unassigned resources first, then assigned, and then committed as needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any other governmental fund, it is the School District’s policy to use committed resources first, then assigned, and then unassigned as needed.

1-C 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 and savings accounts. 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-D 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.

1-E Interfund Balances

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE FISCAL YEAR ENDED
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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 food items and expendable supplies held for subsequent use. The cost of these inventories is expended when consumed rather than when purchased.

1-G Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, this item, unavailable revenue, is reported both in the governmental funds and governmental activities balance sheets. This amount, from grants, is deferred and recognized as an inflow of resources in the period that the amounts become available.

1-H Compensated Absences

The School District's policy allows certain employees to earn varying amounts of 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 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-I 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.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. The face amount of the debt issued and any related premiums are reported as other financing sources. Issuance costs are reported as a reduction of proceeds.

1-J Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

1-K Net Position/Fund Balances

Net position in government-wide financial statements is classified as follows:

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, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Because the School District has not reported its capital assets, this is a large negative amount.

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 net position 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.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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The governmental fund types classify fund balances as follows:

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.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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.

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.

1-L 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-M Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates and the differences could be material.

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, food service, and grants funds. 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.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED

JUNE 30, 2014

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 2014, \$342,248 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.

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

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 11,213,924
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Miscellaneous revenue of blended funds	579
To eliminate transfers between blended funds	(33,084)
Per Exhibit C-3 (GAAP basis)	<u>\$ 11,181,419</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 11,028,622
Adjustments:	
Basis difference:	
Encumbrances, beginning	46,800
Encumbrances, ending	(55,719)
GASB Statement No. 54:	
To eliminate transfers between blended funds	(240,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 10,779,703</u>

2-C Excess of Expenditures over Appropriations

The food service fund had an excess of expenditures over appropriations for the year ended June 30, 2014 in the amount of \$29,180. Overexpenditures were due to unanticipated increase costs in food. This overexpenditure was absorbed in part by the food service fund's fund balance.

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 the collateral. As of year-end, the carrying amount of the School District's deposits was \$574,629 and the bank balances totaled \$675,831.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 515,095
Cash per Statement of Fiduciary Net Position (Exhibit E)	59,534
Total cash and cash equivalents	<u>\$ 574,629</u>

NOTE 4 – RECEIVABLES

Receivables at June 30, 2014, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, restricted grants, and funds held in the custody of the Town of Wilton Trustees of the 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.

NOTE 5 – INTERFUND BALANCES

Interfund receivable and payable balances consisting of overdrafts in pooled cash at June 30, 2014, are as follows:

Receivable Fund	Payable Fund	Amount
General	Food service	\$ 62,301
	Grants	49,835
	Capital project	64,402
		<u>\$ 176,538</u>

NOTE 6 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
General obligation bond payable	\$ 2,255,000	\$ -	\$ (325,000)	\$ 1,930,000	\$ 325,000
Compensated absences	83,837	16,819	(4,599)	96,057	3,054
Net other postemployment benefits	72,635	46,373	-	119,008	-
Total long-term liabilities	<u>\$ 2,411,472</u>	<u>\$ 63,192</u>	<u>\$ (329,599)</u>	<u>\$ 2,145,065</u>	<u>\$ 328,054</u>

The long term bond is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2014
General obligation bond payable:					
Middle/High school renovation	\$ 6,476,775	1999	2020	4.5-5.25%	<u>\$ 1,930,000</u>

The annual requirements to amortize the general obligation bond outstanding as of June 30, 2014, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 325,000	\$ 92,794	\$ 417,794
2016	325,000	75,731	400,731
2017	320,000	58,800	378,800
2018	320,000	42,000	362,000
2019	320,000	25,200	345,200
2020	320,000	8,400	328,400
Totals	<u>\$ 1,930,000</u>	<u>\$ 302,925</u>	<u>\$ 2,232,925</u>

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

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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.

NOTE 7 – ENCUMBRANCES

Encumbrances outstanding at June 30, 2014 are as follows:

Current:	
Instruction:	
Regular programs	\$ 3,174
Special programs	7,082
Other	100
Total instruction	<u>10,356</u>
Support services:	
Student	4,187
Instructional staff	2,013
General administration	840
Executive administration	1,526
Business	92
Operation and maintenance of plant	35,917
Student transportation	640
Other	148
Total support services	<u>45,363</u>
Total encumbrances	<u><u>\$ 55,719</u></u>

NOTE 8– GOVERNMENTAL ACTIVITIES NET POSITION

The government-wide Statement of Net Position at June 30, 2014 consisted of the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ -
Less:	
General obligation bonds payable	<u>(1,930,000)</u>
Total net investment in capital assets	<u>(1,930,000)</u>
Unrestricted	<u>722,111</u>
Total net position	<u><u>\$ (1,207,889)</u></u>

NOTE 9 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2014 consist of the following:

	General Fund	Food Service Fund	Capital Project Fund	Total Governmental Funds
Committed:				
Expendable trust	\$ 485,506	\$ -	\$ -	\$ 485,506
Assigned:				
Encumbrances	55,719	-	-	55,719
Unassigned	<u>571,901</u>	<u>(34,511)</u>	<u>(103,652)</u>	<u>433,738</u>
Total governmental fund balances	<u><u>\$ 1,113,126</u></u>	<u><u>\$ (34,511)</u></u>	<u><u>\$ (103,652)</u></u>	<u><u>\$ 974,963</u></u>

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

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JUNE 30, 2014

NOTE 10 – DEFICIT FUND BALANCES

At June 30, 2014, the School District had the deficit fund balance of \$34,511 in the food service fund which management anticipates eliminating through future operating efficiencies and \$103,652 in the capital project fund which was eliminated on July 17, 2014 through the receipt of bond proceeds in the amount of \$8,270,000 for the capital project.

NOTE 11 – EMPLOYEE RETIREMENT PLAN

The School District participates in the New Hampshire Retirement System (the System) which is the administrator of a cost-sharing multiple-employer contributory pension plan and trust 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 plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Provision for benefits and contributions are established and can be amended by the New Hampshire Legislature. 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.

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 2014, the School District contributed 14.16% for teachers and 10.77% for other employees. The contribution requirements for the fiscal years 2012, 2013, and 2014 were \$481,015, \$485,587, and \$655,211, respectively, which were paid in full in each year.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in the preceding note, the School District provides postemployment benefit options for health care and dental insurance to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the School District's agreements and collective bargaining agreements. The criteria to determine eligibility include: years of service, employee age and whether the employee has vested in the respective retirement plan. The School District funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the School District subsidizing the remaining costs. Expenses for the postretirement health care benefits are recognized as eligible employee claims are paid.

GASB Statement No. 45, as amended by GASB Statement No. 57, was implemented by the School District in the fiscal year ended June 30, 2012, and 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. Nevertheless, 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 2014:

Annual required contribution/OPEB cost	\$ 200,340
Interest on net OPEB obligation	1,453
Adjustment to annual required contribution	(2,385)
Annual OPEB cost (expense)	199,408
Contributions made	(153,035)
Increase in net OPEB obligation	46,373
Net OPEB obligation-beginning of year	72,635
Net OPEB obligation - end of year	<u>\$ 119,008</u>

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED

JUNE 30, 2014

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2014 and the preceding year was as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
June 30, 2014	\$ 199,408	\$ 153,034	76.70%	\$ 119,008
June 30, 2013	\$ 196,219	\$ 123,584	63.00%	\$ 72,635

As of June 30, 2013, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$1,641,872, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,641,872. The covered payroll (annual payroll of active employees covered by the plan) was \$5,211,157 during fiscal year 2014, and the ratio of the UAAL to the covered payroll was 31.51%.

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 health care 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 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 actuarial valuation, the level of percentage of payroll amortization method was used. The actuarial assumptions included a 2.1% expected future annual salary change for typical employees and a discount rate of 2.0%, the discount rate is used to adjust the time value of money when the future value of an investment is assumed and the present value is being calculated. Actuarial assumptions regarding discount rates are used in estimating the present value of the cost of future benefits payable. The projected annual health care cost trend is 10.0% initially, reduced by decrements to an ultimate rate of 5.0% after four years. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2014 was 29 years.

NOTE 13 – 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 2014, 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, 2014 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 Wilton-Lyndeborough Cooperative School District billed and paid for the year ended June 30, 2014 was \$20,026 for workers' compensation (reduced by \$30,381 premium holiday and \$11,145 in credits) and \$35,079 for property/liability. The workers' compensation section of the self-insurance membership agreement

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

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 14 – 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 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

The following GASB pronouncements were implemented by the School District for the fiscal year ended June 30, 2014. These pronouncements had no impact on the current financial statements:

GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, issued March 2012. This Statement is intended to resolve conflicting accounting and financial report and guidance that emerged from two recent standards, Statement No. 54 and Statement No. 62. These standards conflicted with existing guidance in Statements No. 10, 13, and 48.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued in June 2012. The guidance contained in this Statement will change how governments calculate and report the costs and obligations associated with pensions in important ways. They replace the requirements of Statements No. 27 and 50.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued in April 2013. The objective of this statement is to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees.

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued in June 2012, will be effective for the School District beginning with its fiscal year ending June 30, 2015. The guidance contained in this statement will change how governments calculate and report the costs and obligations associated with pensions in important ways. This replaces the requirements of Statements No. 27 and 50.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued in January 2013, will be effective for the School District beginning with its fiscal year ending June 30, 2015. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations that have been transferred or sold.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, issued in November 2013, should be implemented simultaneously with the provision of Statement No. 68, beginning with the fiscal year ending June 30, 2015. This Statement addresses an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

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.

WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

***AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2014***

Management has evaluated subsequent events through January 12, 2015, the date the June 30, 2014 financial statements were available to be issued, and the following event occurred that requires recognition or disclosure:

At the March 7, 2014 annual School District meeting, Warrant Article No. 4 was voted authorizing up to \$8,250,000 to be raised through the issuance of bonds or notes for the construction of one combined project consisting of a new addition at Florence Rideout Elementary School along with general building renovations to the Florence Rideout Elementary School and Lyndeborough Central School. Further, on July 17, 2014 a bond was issued for the project totaling \$8,270,000. The amount of the loan to be paid back is \$7,640,000 and a bond premium to reduce the loan and pay the issuance costs totaling \$630,000 was received.

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, 2014

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)
June 30, 2014	\$ -	\$ 1,641,872	\$ 1,641,872	0.00%	\$ 5,211,157	31.51%
June 30, 2013	\$ -	\$ 1,641,872	\$ 1,641,872	0.00%	\$ 4,485,528	36.60%

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

***WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014***

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, 2014, and the preceding year.

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, 2014

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 7,933,015	\$ 7,933,015	\$ -
Other local sources:			
Tuition	5,000	7,800	2,800
Investment income	2,000	4,342	2,342
Rentals	-	670	670
Miscellaneous	-	18,741	18,741
Total from other local sources	7,000	31,553	24,553
State sources:			
Adequacy aid (grant)	1,520,741	1,520,741	-
Adequacy aid (tax)	1,286,544	1,286,544	-
School building aid	130,000	130,000	-
Catastrophic aid	140,000	156,208	16,208
Vocational aid	1,000	1,428	428
Total from state sources	3,078,285	3,094,921	16,636
Federal sources:			
Medicaid	30,000	121,351	91,351
Other financing sources:			
Transfers in	33,084	33,084	-
Total revenues and other financing sources	11,081,384	\$ 11,213,924	\$ 132,540
Fund balance used to reduce school district assessment	342,248		
Total revenues, other financing sources, and use of fund balance	\$ 11,423,632		

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, 2014

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 4,734,994	\$ 4,695,525	\$ 3,174	\$ 36,295
Special programs	-	1,500,092	1,356,753	7,082	136,257
Vocational programs	-	13,900	22,489	-	(8,589)
Other	-	130,954	99,554	100	31,300
Total instruction	-	6,379,940	6,174,321	10,356	195,263
Support services:					
Student	-	1,138,031	1,047,107	4,187	86,737
Instructional staff	-	272,342	265,335	2,013	4,994
General administration	-	48,299	24,657	840	22,802
Executive administration	-	487,057	473,289	1,526	12,242
School administration	-	571,231	540,726	-	30,505
Business	46,800	298,377	344,236	92	849
Operation and maintenance of plant	-	931,571	883,100	35,917	12,554
Student transportation	-	440,147	410,822	640	28,685
Other	-	181,782	181,254	148	380
Total support services	46,800	4,368,836	4,170,526	45,363	199,748
Debt service:					
Principal of long-term debt	-	325,000	325,000	-	-
Interest on long-term debt	-	109,856	109,857	-	(1)
Total debt service	-	434,856	434,857	-	(1)
Other financing uses:					
Transfers out	-	240,000	240,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 46,800	\$ 11,423,632	\$ 11,019,704	\$ 55,719	\$ 395,010

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, 2014

Unassigned fund balance, beginning		\$ 384,700
Changes:		
Fund balance used to reduce school district assessment		(342,248)
2013-2014 Budget summary:		
Revenue surplus (Schedule 1)	\$ 132,540	
Unexpended balance of appropriations (Schedule 2)	<u>395,010</u>	
2013-2014 Budget surplus		527,550
Decrease in restricted fund balance		<u>1,899</u>
Unassigned fund balance, ending (Non-GAAP budgetary basis)		<u><u>\$ 571,901</u></u>

SCHEDULE 4
WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT
Student Activity Funds
Combining Schedule of Changes in Student Activities Fund
For the Fiscal Year Ended June 30, 2014

	Balance, beginning	Additions	Deductions	Balance, ending
Schools:				
Middle School/High School	\$ 65,628	\$ 68,691	\$ 83,801	\$ 50,518
Lyndeborough Central	561	2,719	2,978	302
Florence Rideout	7,576	9,241	8,103	8,714
Totals	<u>\$ 73,765</u>	<u>\$ 80,651</u>	<u>\$ 94,882</u>	<u>\$ 59,534</u>



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCY AND MATERIAL WEAKNESS

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Wilton-Lyndeborough Cooperative School District as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Wilton-Lyndeborough Cooperative School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wilton-Lyndeborough Cooperative School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Wilton-Lyndeborough Cooperative School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Food Service Fund

Accounting tasks such as monthly reconciliations, cross-checks, and reviews play a key role in proving the accuracy of the accounting data and financial information that comprise interim and year-end financial statements. We recommend that the School District continue to perform the monthly reconciliations to ensure the financial records are in agreement between the general ledger and food service fund.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

Significant Accounts Policies

The School Board should have policies that require that management and employees establish and maintain an environment throughout the School District that sets a positive and supportive attitude toward internal control and conscientious management.

Upon review of the School District's investment policy it was noted that the School District had not updated their policy since June 2, 2010. RSA 197:23-a requires that the investment policy be reviewed and approved annually. We recommend that the School Board comply with the state statute and review and approve the policy annually.

***Wilton-Lyndeborough Cooperative School District
Independent Auditor's Communication of Significant Deficiency and Material Weakness***

In addition, the School Board has also not yet formally adopted any policies for disaster recovery and formalized equipment use which are essential tools necessary to manage the School District's operations efficiently and effectively. The School Board is at greater risk for exposure to losses by not having adequate policies in place. We strongly recommend that the School Board develop and formally adopt the above noted policies in order to clearly communicate the School Board's position on these issues.

This communication is intended solely for the information and use of management School Board, and others within Wilton-Lyndeborough Cooperative School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Plodzik & Sanderson
Professional Association*

January 12, 2015