

**WILTON-LYNDEBOROUGH COOPERATIVE  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
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**JUNE 30, 2016**

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## **PLODZIK & SANDERSON**

*Professional Association/Accountants & Auditors*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX- 603-224-1380

### ***INDEPENDENT AUDITOR'S REPORT***

To the Members of the School Board  
Wilton-Lyndeborough Cooperative School District  
Lyndeborough, 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, 2016, 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 School 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 financial statements in an appropriate operational, economic, or historical context. We have

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

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 11, 2017

Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

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, 2016. 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 increased from \$(4,511,986) to \$(4,300,337), an increase of \$211,649 between restated FY 2015 and FY 2016.

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 increased from \$7,736,582 to \$10,809,773 between FY 2015 and FY 2016. This represents an increase of \$3,073,191 or 39.72%. This is primarily due to a prior period adjustment of \$2,789,802. Refer to the Notes to the Basic Financial Statements – Note 15. The estimated useful lives for buildings and building improvements were decreased from 50 – 100 to 20 – 30 years. The estimated useful lives for vehicles were increased from 7 to 10 years. The category now incorporates machinery and equipment.
- The District's net pension liability increased from \$6,588,858 to \$6,789,230 between FY 2015 and FY 2016. This represents an increase of \$200,372.
- The District's total debt for FY 2016 was \$9,490,602 a decrease of \$355,032 (3.61%). The reduction was due to the lowering of the total outstanding balance on bonds.

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

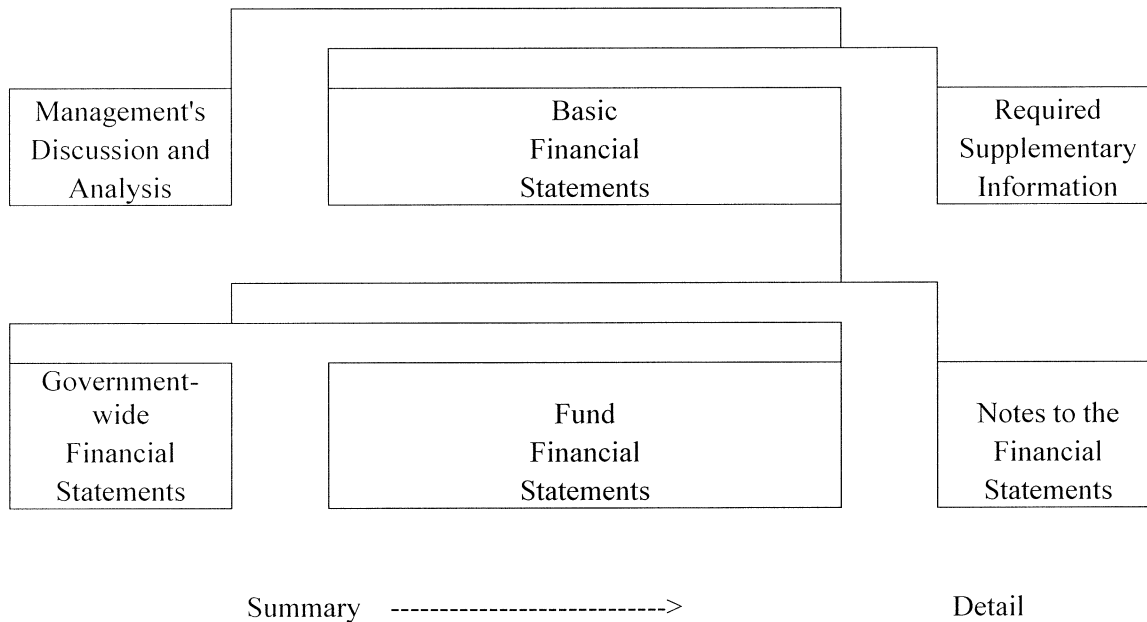
This discussion and analysis are intended to serve as an introduction to the Wilton-Lyndeborough Cooperative School District's basic financial statements. The District's basic financial statements consist of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the basic financial statements

Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

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.

Required Components of Annual  
Financial Report  
Figure 1



### ***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.

Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

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.

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 and liabilities. 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 and total liabilities. 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, 2016

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 demonstrate 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 21 of the annual audit report.

### ***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.



Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

The Wilton-Lyndeborough Cooperative School District's Net Position

	<u>2016</u>	<u>2015</u> <u>(as restated)</u>	<u>%</u> <u>Change</u>
Current and Other Assets	\$ 2,018,320	\$ 5,222,432	-61.35%
Capital Assets	<u>10,809,773</u>	<u>7,736,582</u>	<u>39.72%</u>
Total Assets	<u>\$ 12,828,093</u>	<u>\$ 12,959,014</u>	-1.01%
Deferred Outflows of Resources	<u>986,636</u>	<u>1,077,930</u>	-8.47%
Long-Term Liabilities Outstanding	\$ 16,577,168	\$ 16,673,149	-0.58%
Other Liabilities	<u>494,348</u>	<u>1,032,731</u>	<u>-52.13%</u>
Total Liabilities	<u>\$ 17,071,516</u>	<u>\$ 17,705,880</u>	-3.58%
Deferred Inflows of Resources	<u>1,043,550</u>	<u>843,050</u>	23.78%
Net Investment in Capital Assets	\$ 1,319,171	\$ (2,109,052)	162.55%
Restricted for Capital Project	261,443	3,434,937	-92.39%
Unrestricted Net Position (Deficit)	<u>(5,880,951)</u>	<u>(5,837,871)</u>	<u>-0.74%</u>
Total Net Position	<u>\$ (4,300,337)</u>	<u>\$ (4,511,986)</u>	4.69%

Net position of the District's governmental activities increased 4.69% or \$211,649 as of June 30, 2016. 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 \$11,992,296 from all sources of revenue. Seventy-one percent (\$8,440,034) of the District's revenue came from local taxes. Twenty-one percent (\$2,557,893) came from the state education tax and the state adequacy grant. Six percent (\$755,093) came from various state and federal grants. The balance (\$239,276), two percent, was derived from other local revenues. Other financing sources totaling \$164,200 came from the capital reserve – building/equipment trust fund.

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.

Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

Summary of Changes in Net Position  
Governmental Activities

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Dollar</u> <u>Difference</u>	<u>Percentage</u> <u>Difference</u>
<b>Revenues:</b>				
<b>Program Revenue:</b>				
Charges for Services	\$ 147,546	\$ 107,087	\$ 40,459	27.42%
Operating Grants and Contributions	503,819	536,581	(32,762)	-6.50%
Capital Grants and Contributions	130,000	130,000	-	0.00%
<b>General Revenue:</b>				
School District Assessment	8,440,034	8,013,354	426,680	5.06%
Unrestricted Grants	2,689,429	2,743,273	(53,844)	-2.00%
Miscellaneous & Interest	81,468	39,970	41,498	50.94%
Total Revenues	<u>11,992,296</u>	<u>11,570,265</u>	<u>422,031</u>	<u>3.52%</u>
<b>Expenses:</b>				
Instruction	6,294,764	6,553,580	(258,816)	-4.11%
Support Services:				
Student	1,282,346	1,135,829	146,517	11.43%
Instructional Staff	406,283	333,279	73,004	17.97%
General Administration	17,800	21,250	(3,450)	-19.38%
Executive Administration	442,446	408,341	34,105	7.71%
School Administration	720,944	677,460	43,484	6.03%
Business	309,217	279,071	30,146	9.75%
Operation and Maintenance of Plant	973,343	927,552	45,791	4.70%
Student Transportation	460,599	372,195	88,404	19.19%
Other	281,991	251,854	30,137	10.69%
Noninstructional Services	213,529	233,136	(19,607)	-9.18%
Interest on Long-Term Debt	377,385	371,738	5,647	1.50%
Total Expenses	<u>11,780,647</u>	<u>11,565,285</u>	<u>215,362</u>	<u>1.83%</u>
Change in Net Position	<u>211,649</u>	<u>4,980</u>	<u>206,669</u>	<u>97.65%</u>
Net Position - Beginning, as restated	<u>(4,511,986)</u>	<u>(4,516,966)</u>	<u>4,980</u>	<u>-0.11%</u>
Net Position - Ending	<u><u>\$ (4,300,337)</u></u>	<u><u>\$ (4,511,986)</u></u>	<u><u>\$ 211,649</u></u>	<u><u>-4.92%</u></u>

Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

***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, 2016, the governmental funds of the Wilton-Lyndeborough Cooperative School District reported a combined fund balance of \$1,109,308. Included in the total fund balance are fund balances in the General Fund, Capital Projects, and Special Revenue Funds. The Special Revenue Funds include Food Service and Grants Funds.

**General Fund Budgetary Highlights:**

**Estimated Fund Balance per Report:**

Revenue Surplus:	\$ 47,928
Unexpended Balance of appropriations:	156,108
2015-16 Budget Surplus	204,036
Less: Decrease in Nonspendable Fund balance	2,728
Increase in Unassigned Fund Balance Restated	(36,996)
Decrease in Committed Fund Balance	7,500

<b>Audited Unassigned Fund Balance (to Offset Tax Rate):</b>	<b>\$ 177,268</b>
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Unanticipated Revenue is comprised of the following:

**Unanticipated/(Deficit) of Revenue Budget**

**Other Local Sources:**

Tuition	\$ (4,666)
Investment Income	(711)
Rental	1,015
Miscellaneous	28,917

**State Sources:**

Catastrophic Aid	13,536
Child Care Aid	885
Vocational Aid	(982)

**Federal Sources:**

Medicaid	9,934
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<b>Total Revenue Surplus</b>	<b>\$ 47,928</b>
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Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

**Capital Assets and Debt Administration**

***Capital assets:***

The District's investment in capital assets for its governmental activities as of June 30, 2016, totals \$10,809,773 (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  
Figure 3

	Governmental Activities (Net of Depreciation)		
	June 30, <u>2016</u>	Restated June 30, <u>2015</u>	Change <u>2015-2016</u>
Land	\$ 1,004,900	\$ 1,004,900	0.00%
Work in Progress	8,037,809	4,844,880	65.90%
Buildings & Improvements	1,734,423	1,874,378	-7.47%
Machinery, Vehicles & Equipment	<u>32,641</u>	<u>12,424</u>	<u>162.73%</u>
Total	<u>\$ 10,809,773</u>	<u>\$ 7,736,582</u>	<u>39.72%</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 1-G 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.

During the 2015-16 fiscal year the District purchased a Walk-in Combination Cooler Freezer for its Middle/High School Kitchen. Additional information on the School District's capital assets can be found in Note 6 of the Notes to the Basic Financial Statements.

Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

***Long-term Debt:***

As of June 30, 2016, the district had total bonded debt outstanding of \$9,490,602.

Wilton-Lyndeborough Cooperative School District's Outstanding Long-Term Debt  
Figure 4

Governmental Activities			
	June 30, <u>2016</u>	Restated June 30, <u>2015</u>	Change <u>2015-2016</u>
General Obligation Bonds Payable			
Middle/High School Renovation	\$ 1,280,000	\$ 1,605,000	-20.25%
Florence Rideout Elementary Renov	7,640,000	7,640,000	0.00%
Unamortized Bond Premiums	<u>570,602</u>	<u>600,634</u>	<u>-5.00%</u>
Total	<u>\$ 9,490,602</u>	<u>\$ 9,845,634</u>	<u>-3.61%</u>

At the end of FY 2016, the District had \$9,490,602 in General Obligation bonds outstanding, a decrease of 3.61% under last year as shown in Figure 4 above. During fiscal year 2016 the District showed a reduction of \$355,032. 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 \$533,752,136. The legal debt limit for the Cooperative District is \$37,362,649. As stated above, the District's outstanding debt as of June 30, 2016 is \$9,490,602.

See Note 9 in the Notes to the Basic Financial Statements for a summary of all outstanding long-term liabilities.

Management's Discussion and Analysis  
For the Period Ending  
June 30, 2016

***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, 2016 was 255.532, up from 253.626 the prior year. During the same time period the national CPI increased from 238.638 to 241.038, an increase of 1%.
- Student enrollment continues to decrease. The enrollment in April, 2016, was 572 including 40 kindergarten students. It is projected that the enrollment for kindergarten will stay consistent, but enrollment for grades one through twelve will gradually decrease during the future years.
- Health insurance rates continue to increase. The number of employees selecting district health coverage also continues to increase. The increase in health coverage is increasing at a rate higher than salaries.

***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 603-654-8081.

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**  
*Statement of Net Position*  
*June 30, 2016*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,449,144
Accounts receivable	21,988
Intergovernmental receivable	531,541
Inventory	8,197
Prepaid items	7,450
Capital assets, not being depreciated	9,042,709
Capital assets, net of accumulated depreciation	1,767,064
Total assets	<u>12,828,093</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	<u>986,636</u>
<b>LIABILITIES</b>	
Accounts payable	137,015
Accrued salaries and benefits	30,232
Intergovernmental payable	171,986
Accrued interest payable	155,115
Noncurrent obligations:	
Due within one year	350,032
Due in more than one year	16,227,136
Total liabilities	<u>17,071,516</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
School district assessment subsequent period	569,779
Deferred amounts related to pensions	473,771
Total deferred inflows of resources	<u>1,043,550</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,319,171
Restricted for capital project	261,443
Unrestricted	<u>(5,880,951)</u>
Total net position	<u>\$ (4,300,337)</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, 2016*

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change In Net Position
Instruction	\$ 6,294,764	\$ 40,634	\$ 211,994	\$ -	\$ (6,042,136)
Support services:					
Student	1,282,346	-	122,318	-	(1,160,028)
Instructional staff	406,283	-	54,415	-	(351,868)
General administration	17,800	-	-	-	(17,800)
Executive administration	442,446	-	-	-	(442,446)
School administration	720,944	-	-	-	(720,944)
Business	309,217	-	-	-	(309,217)
Operation and maintenance of plant	973,343	1,215	3,732	-	(968,396)
Student transportation	460,599	-	2,018	-	(458,581)
Other	281,991	-	1,679	-	(280,312)
Noninstructional services	213,529	105,697	107,663	-	(169)
Interest on long-term debt	377,385	-	-	130,000	(247,385)
Total governmental activities	<u>\$ 11,780,647</u>	<u>\$ 147,546</u>	<u>\$ 503,819</u>	<u>\$ 130,000</u>	<u>(10,999,282)</u>
General revenues:					
School district assessment					8,440,034
Grants and contributions not restricted to specific programs					2,689,429
Unrestricted investment income					4,289
Miscellaneous					77,179
Total general revenues					<u>11,210,931</u>
Change in net position					211,649
Net position, beginning, as restated (see Note 15)					(4,511,986)
Net position, ending					<u>\$ (4,300,337)</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, 2016**

	General	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,158,473	\$ 279,551	\$ 11,120	\$ 1,449,144
Receivables:				
Accounts	21,988	-	-	21,988
Intergovernmental	497,426	-	34,115	531,541
Interfund receivable	68,253	-	-	68,253
Inventory	-	-	8,197	8,197
Prepaid items	5,709	-	1,741	7,450
Total assets	<u>\$ 1,751,849</u>	<u>\$ 279,551</u>	<u>\$ 55,173</u>	<u>\$ 2,086,573</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 132,565	\$ -	\$ 4,450	\$ 137,015
Accrued salaries and benefits	30,232	-	-	30,232
Intergovernmental payable	171,986	-	-	171,986
Interfund payable	-	18,108	50,145	68,253
Total liabilities	<u>334,783</u>	<u>18,108</u>	<u>54,595</u>	<u>407,486</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
School district assessment subsequent period	<u>569,779</u>	<u>-</u>	<u>-</u>	<u>569,779</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	-	9,938	9,938
Restricted	-	261,443	-	261,443
Committed	478,302	-	-	478,302
Assigned	191,717	-	-	191,717
Unassigned (deficit)	177,268	-	(9,360)	167,908
Total fund balances	<u>847,287</u>	<u>261,443</u>	<u>578</u>	<u>1,109,308</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,751,849</u>	<u>\$ 279,551</u>	<u>\$ 55,173</u>	<u>\$ 2,086,573</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, 2016*

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,109,308
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	\$ 15,794,892	
Less accumulated depreciation	<u>(4,985,119)</u>	
		10,809,773
Certain assets 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	\$ 986,636	
Deferred inflows of resources related to pensions	<u>(473,771)</u>	
		512,865
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (68,253)	
Payables	<u>68,253</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(155,115)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 8,920,000	
Premium on bonds	570,602	
Compensated absences	136,173	
Other postemployment benefits	161,163	
Net pension liability	<u>6,789,230</u>	
		(16,577,168)
Net position of governmental activities (Exhibit A)		<u><u>\$ (4,300,337)</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, 2016**

	General	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
School district assessment	\$ 8,440,034	\$ -	\$ -	\$ 8,440,034
Other local	103,880	19,437	115,959	239,276
State	2,822,332	-	3,173	2,825,505
Federal	89,934	-	397,547	487,481
Total revenues	<u>11,456,180</u>	<u>19,437</u>	<u>516,679</u>	<u>11,992,296</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	6,058,732	-	121,175	6,179,907
Support services:				
Student	1,158,882	-	122,318	1,281,200
Instructional staff	348,013	-	54,415	402,428
General administration	17,800	-	-	17,800
Executive administration	446,067	-	-	446,067
School administration	723,238	-	-	723,238
Business	306,959	-	-	306,959
Operation and maintenance of plant	958,749	-	3,732	962,481
Student transportation	460,599	-	-	460,599
Other	281,364	-	1,679	283,043
Noninstructional services	-	-	238,734	238,734
Debt service:				
Principal	325,000	-	-	325,000
Interest	407,422	-	-	407,422
Facilities acquisition and construction	-	3,192,931	-	3,192,931
Total expenditures	<u>11,492,825</u>	<u>3,192,931</u>	<u>542,053</u>	<u>15,227,809</u>
Deficiency of revenues under expenditures	<u>(36,645)</u>	<u>(3,173,494)</u>	<u>(25,374)</u>	<u>(3,235,513)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	28,088	28,088
Transfers out	(28,088)	-	-	(28,088)
Total other financing sources (uses)	<u>(28,088)</u>	<u>-</u>	<u>28,088</u>	<u>-</u>
Net change in fund balances	(64,733)	(3,173,494)	2,714	(3,235,513)
Fund balances (deficit), beginning, as restated (see Note 15)	912,020	3,434,937	(2,136)	4,344,821
Fund balances, ending	<u>\$ 847,287</u>	<u>\$ 261,443</u>	<u>\$ 578</u>	<u>\$ 1,109,308</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, 2016*

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ (3,235,513)
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 capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 3,217,229	
Depreciation expense	(144,038)	
		3,073,191
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (28,088)	
Transfers out	28,088	
		-
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions are reported as pension expenses.		
Contributions subsequent to measurement date	\$ 591,675	
Net pension expense	(514,061)	
		77,614
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.		
Amortization of bond premium	\$ 30,032	
Principal repayment of bond	325,000	
		355,032
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	\$ 5	
Increase in compensated absences payable	(33,960)	
Increase in other postemployment benefits	(24,720)	
		(58,675)
Change in net position of governmental activities (Exhibit B)		\$ 211,649

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

**EXHIBIT D**  
**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, 2016**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
School district assessment	\$ 8,440,034	\$ 8,440,034	\$ 8,440,034	\$ -
Other local	76,590	76,590	101,145	24,555
State	2,808,893	2,808,893	2,822,332	13,439
Federal	80,000	80,000	89,934	9,934
Total revenues	11,405,517	11,405,517	11,453,445	47,928
<b>EXPENDITURES</b>				
Current:				
Instruction	6,310,839	6,353,643	6,024,269	329,374
Support services:				
Student	1,042,491	1,038,543	1,161,493	(122,950)
Instructional staff	359,289	355,513	348,461	7,052
General administration	34,710	44,910	18,867	26,043
Executive administration	439,747	421,157	446,115	(24,958)
School administration	748,422	759,938	722,469	37,469
Business	303,105	294,755	307,107	(12,352)
Operation and maintenance of plant	939,817	1,068,003	1,077,271	(9,268)
Student transportation	409,336	403,956	457,424	(53,468)
Other	270,645	282,181	282,418	(237)
Debt service:				
Principal	325,000	325,000	325,000	-
Interest	407,422	407,423	407,422	1
Total expenditures	11,590,823	11,755,022	11,578,316	176,706
Excess (deficiency) of revenues over (under) expenditures	(185,306)	(349,505)	(124,871)	224,634
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	164,200	164,200	-
Transfers out	(200,000)	(200,000)	(228,088)	(28,088)
Supplemental appropriation	(7,489)	(7,490)	-	7,490
Total other financing sources (uses)	(207,489)	(43,290)	(63,888)	(20,598)
Net change in fund balance	\$ (392,795)	\$ (392,795)	(188,759)	\$ 204,036
Decrease in nonspendable fund balance			2,728	
Decrease in committed fund balance			7,500	
Unassigned fund balance, beginning, as restated (see Note 15)			355,799	
Unassigned fund balance, ending			\$ 177,268	

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, 2016*

	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 65,252
<b>LIABILITIES</b>	
Due to student groups	<u>65,252</u>
<b>NET POSITION</b>	<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, 2016**

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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, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***1-A Reporting Entity***

The Wilton-Lyndeborough Coop 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 principles 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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. 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, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, 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. In addition, the School District has presented certain funds, specifically the capital projects fund as a major fund because the School District believes the financial position and activities of these funds are significant to the School District as a whole.

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 assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable 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.

# **WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

### **AS OF AND FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2016**

**Fiduciary Fund Financial Statements** – Fiduciary fund financial statements include a Statement of 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.

**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.

**Capital Project Fund** – the capital project fund accounts for the activity pertaining to the construction and renovation of Florence Rideout Elementary School and the renovations for Lyndeborough Central School.

**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.

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 assets available to finance the program. It is the School District's policy to first apply grant resources to such programs and then general revenues.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred inflows/outflows, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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 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 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 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.

**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2016**

***1-E 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-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 nonmajor food service fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

***1-G Capital Assets***

General capital assets are those assets of a capital nature which the School District owns. All capital assets are capitalized at cost (or estimated at historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$10,000 and more than five years of estimated useful life. Improvements to capital assets are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset’s life are expensed.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. All reported capital assets are depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

***1-H Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then.

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.

***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. 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. In the fund financial statements, governmental fund types report bond premiums during the current period.

**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2016**

***1-J 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-K 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 prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

***1-L 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.

**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.

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.

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.

**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2016**

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

**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 fund, as well as the nonmajor 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.

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 2016, \$392,795 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 (budgetary basis)	\$ 11,617,645
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Miscellaneous revenue of blended funds	2,735
To eliminate transfers between blended funds	(164,200)
Per Exhibit C-3 (GAAP basis)	<u>\$ 11,456,180</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 11,806,404
Adjustments:	
Basis difference:	
Encumbrances, beginning	80,670
Encumbrances, ending	(191,717)
GASB Statement No. 54:	
Expenditures of blending funds	25,556
To eliminate transfers between blended funds	(200,000)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 11,520,913</u></u>

**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**

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**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 \$1,514,396 and the bank balances totaled \$1,573,142.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,449,144
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E)	65,252
Total cash and cash equivalents	<u>\$ 1,514,396</u>

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2016, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, restricted grants, and funds held in custody of the Town of Wilton Trustees 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.

**NOTE 5 – INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2016, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 50,145
General	Capital project	18,108
		<u>\$ 68,253</u>

Interfund transfers in the amount of \$28,088 during the year ended June 30, 2016 consists of a transfer from the general fund to the nonmajor food service fund.

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.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 consisted of the following:

	<u>Balance, beginning (as restated)</u>	<u>Additions</u>	<u>Balance, ending</u>
At cost:			
Not being depreciated:			
Land	\$ 1,004,900	\$ -	\$ 1,004,900
Construction in progress	4,844,880	3,192,929	8,037,809
Total capital assets not being depreciated	<u>5,849,780</u>	<u>3,192,929</u>	<u>9,042,709</u>
Being depreciated:			
Buildings and building improvements	6,710,349	-	6,710,349
Machinery and equipment	17,534	24,300	41,834
Total capital assets being depreciated	<u>6,727,883</u>	<u>24,300</u>	<u>6,752,183</u>
Total capital assets	<u>12,577,663</u>	<u>3,217,229</u>	<u>15,794,892</u>

(Continued)

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*Capital assets continued:*

	Balance, beginning (as restated)	Additions	Balance, ending
Less accumulated depreciation:			
Buildings and building improvements	(4,835,971)	(139,955)	(4,975,926)
Machinery and equipment	(5,110)	(4,083)	(9,193)
Total accumulated depreciation	(4,841,081)	(144,038)	(4,985,119)
Net book value, capital assets being depreciated	1,886,802	(119,738)	1,767,064
Net book value, all capital assets	<u>\$ 7,736,582</u>	<u>\$ 3,073,191</u>	<u>\$ 10,809,773</u>

Depreciation expense was charged to the instruction function of the School District based on their usage of the related assets.

**NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of \$986,636 in the governmental activities at June 30, 2016 consists of amounts related to pensions, see Note 10 for further information on deferred amounts related to pensions.

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

	Governmental Activities	General Fund
School District assessment received in advance of eligible period	\$ 569,779	\$ 569,779
Related to pensions	473,771	-
Total deferred inflows of resources	<u>\$ 1,043,550</u>	<u>\$ 569,779</u>

**NOTE 8 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at June 30, 2016 consist of the following:

General fund:	
June 2016 New Hampshire Retirement System	\$ 170,111
Payroll taxes due to Commonwealth of Massachusetts	1,875
Total intergovernmental payables due	<u>\$ 171,986</u>

**NOTE 9 – LONG-TERM LIABILITIES**

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2016:

	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 9,245,000	\$ -	\$ (325,000)	\$ 8,920,000	\$ 320,000
Premium	600,634	-	(30,032)	570,602	30,032
Total bonds payable	9,845,634	-	(355,032)	9,490,602	350,032
Compensated absences	102,213	33,960	-	136,173	-
Net other postemployment benefits	136,443	24,720	-	161,163	-
Net pension liability	6,588,858	200,372	-	6,789,230	-
Total long-term liabilities	<u>\$ 16,673,148</u>	<u>\$ 259,052</u>	<u>\$ (355,032)</u>	<u>\$ 16,577,168</u>	<u>\$ 350,032</u>

**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**

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Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2016
General obligation bonds payable:					
Middle/High school renovation	\$ 6,476,755	1999	2020	4.5-5.25%	\$ 1,280,000
Florence Rideout Elementary renovation	\$ 7,640,000	2014	2035	3.40%	7,640,000
					<u>\$ 8,920,000</u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 320,000	\$ 390,490	\$ 710,490
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
2022-2026	1,895,000	1,122,128	3,017,128
2027-2031	2,315,000	697,413	3,012,413
2032-2035	2,220,000	186,755	2,406,755
Totals	<u>\$ 8,920,000</u>	<u>\$ 3,679,552</u>	<u>\$ 12,599,552</u>

**NOTE 10 – 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 with in the State are eligible and required to participate in the Pension Plan. The System issues a publically 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 ¼ of 1% or age 60.



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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 2016, the School District contributed 15.67% for teachers and 11.17% for other employees. The contribution requirements for the fiscal years 2014, 2015, and 2016 were \$655,210, \$659,768, and \$699,539, respectively, which were paid in full in each year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At June 30, 2016 the School District reported a liability of \$6,789,230 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the School District's proportion was 0.17137910% which was a decrease of 0.00415594% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the School District recognized pension expense of \$514,061. At June 30, 2016 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	\$ 394,961	\$ 143,337
Net difference between projected and actual investment earnings on pension plan investments	-	181,451
Difference between expected and actual experience	-	148,983
Contributions subsequent to the measurement date	591,675	-
Total	<u>\$ 986,636</u>	<u>\$ 473,771</u>

The \$591,675 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,	
2016	\$ (53,850)
2017	(53,850)
2018	(53,850)
2019	108,960
2020	(26,219)
Totals	<u>\$ (78,809)</u>

**Actuarial Assumptions:** The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions which, apply to 2015 measurements:

Inflation:	3.0%
Salary increases:	3.75- 5.8% average, including inflation
Investment rate of return:	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

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, 2005 – June 30, 2010.

**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**

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**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. Following is a table presenting target allocations and long-term rates of return for 2015:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2015</u>
Large Cap Equities	22.50%	3.00%
Small/Mid Cap Equities	7.50%	3.00%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.00%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	(0.70%)
Short Duration	2.50%	(1.00%)
Global Multi-Sector Fixed income	11.00%	0.28%
Unconstrained Fixed Income	7.00%	0.16%
Total fixed income	25.00%	
Private equity	5.00%	5.50%
Private debt	5.00%	4.50%
Real estate	10.00%	3.50%
Opportunistic	5.00%	2.75%
Total alternative investments	25.00%	
Total	100.00%	

**Discount Rate:** The discount rate used to measure the collective total pension liability was 7.75%. 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 7.75% 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 (6.75%) or 1-percentage point higher (8.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2015	\$ 8,473,125	\$ 6,789,230	\$ 4,711,594
June 30, 2014	\$ 8,678,598	\$ 6,588,858	\$ 4,825,850
June 30, 2013	\$ 8,898,157	\$ 6,940,727	\$ 5,295,322

**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.

**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**

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**NOTE 11 – 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.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 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 2016:

Annual required contribution/OPEB cost	\$ 180,793
Interest on net OPEB obligation	3,411
Adjustment to annual required contribution	(4,902)
Annual OPEB cost (expense)	<u>179,302</u>
Contributions made	<u>(154,582)</u>
Increase in net OPEB obligation	24,720
Net OPEB obligation - beginning of year	<u>136,443</u>
Net OPEB obligation - end of year	<u><u>\$ 161,163</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 2016 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
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, 2015, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$2,055,278, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,055,278. The covered payroll (annual payroll of active employees covered by the plan) was \$4,956,772 during fiscal year 2016, and the ratio of the UAAL to the covered payroll was 41.46%.

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

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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, 2015 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, 2016 was 30 years.

**NOTE 12 – ENCUMBRANCES**

Encumbrances outstanding at June 30, 2016 are as follows:

Current:	
Instruction:	
Regular programs	\$ 2,756
Vocational programs	9,142
Total instruction	<u>11,898</u>
Support services:	
Student	3,312
Instructional staff	1,387
General administration	1,067
Executive administration	1,442
Business	148
Operation and maintenance of plant	171,226
Other	<u>1,237</u>
Total support services	<u>179,819</u>
Total encumbrances	<u><u>\$ 191,717</u></u>

**NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION**

The governmental activities net position at June 30, 2016 consisted of the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 10,809,773
Less:	
General obligation bonds payable	(8,920,000)
Unamortized bond premium	<u>(570,602)</u>
Total net investment in capital assets	1,319,171
Restricted for capital project	261,443
Unrestricted	<u>(5,880,951)</u>
Total net position	<u><u>\$ (4,300,337)</u></u>

**NOTE 14 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances at June 30, 2016 consist of the following:

	General Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Inventory	\$ -	\$ -	\$ 9,938	\$ 9,938
<b>Restricted:</b>				
Capital project	-	261,443	-	261,443

*(Continued)*

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*Governmental fund balances continued:*

	General Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
<b>Committed:</b>				
Expendable trust	478,302	-	-	478,302
<b>Assigned:</b>				
Encumbrances	191,717	-	-	191,717
<b>Unassigned (deficit)</b>	177,268	-	(9,360)	167,908
Total governmental fund balances	<u>\$ 847,287</u>	<u>\$ 261,443</u>	<u>\$ 578</u>	<u>\$ 1,109,308</u>

**NOTE 15 – PRIOR PERIOD ADJUSTMENTS**

Net position/fund balance at July 1, 2015 was restated for the following:

	Government-wide Statements	General Fund	Food Service Fund
To correct prior year payable balance	\$ (132,055)	\$ (132,055)	\$ -
To record prior year deficit fund balance in food service fund	-	(34,511)	34,511
To correct prior year construction in progress	(61,850)	-	-
To correct prior year building and building improvements	(2,789,802)	-	-
Net position/fund balance, as previously reported	(1,528,279)	1,078,586	(36,647)
Net position/fund balance, as restated	<u>\$ (4,511,986)</u>	<u>\$ 912,020</u>	<u>\$ (2,136)</u>

**NOTE 16 – 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 2015, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool currently operating as common risk management and insurance programs for member School Districts and cities.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) 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, 2016 by Primex<sup>3</sup>, 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, 2016 was \$23,358 for workers' compensation and \$35,267 for property/liability. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> 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, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

**NOTE 17 – 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 11, 2017, the date the June 30, 2016 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, 2016*

Fiscal Year Ended	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, 2016	\$ -	\$ 2,055,278	\$ 2,055,278	0.00%	\$ 4,956,772	41.46%
June 30, 2013	\$ -	\$ 1,641,872	\$ 1,641,872	0.00%	\$ 5,178,090	31.71%

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, 2016*

Fiscal Year	District's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	District Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2016	0.17137910%	\$ 6,789,230	\$ 4,844,446	140.14%	65.47%
June 30, 2015	0.17553504%	\$ 6,588,858	\$ 4,907,574	134.26%	59.81%
June 30, 2014	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, 2016*

Fiscal Year	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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, 2016**

***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, 2016, and the preceding year.

***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, 2016.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2015:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	25 years beginning July 1, 2015 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	3.0% per year
Wage Inflation	3.75% per year
Salary Increases	5.8% Average, including inflation
Municipal Bond Rate	3.80% per year
Investment Rate of Return	7.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2005-2010.
Mortality	RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

**Other Information:**

Notes	Contribution rates for Fiscal Year 2015 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, 2016*

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 8,440,034	\$ 8,440,034	\$ -
Other local sources:			
Tuition	45,300	40,634	(4,666)
Investment income	5,000	4,289	(711)
Rentals	200	1,215	1,015
Miscellaneous	26,090	55,007	28,917
Total from other local sources	76,590	101,145	24,555
State sources:			
Adequacy aid (grant)	1,331,542	1,331,542	-
Adequacy aid (tax)	1,226,351	1,226,351	-
School building aid	130,000	130,000	-
Catastrophic aid	118,000	131,536	13,536
Vocational aid	3,000	2,018	(982)
Other state aid	-	885	885
Total from state sources	2,808,893	2,822,332	13,439
Federal sources:			
Medicaid	80,000	89,934	9,934
Other financing sources:			
Transfers in	164,200	164,200	-
Total revenues and other financing sources	11,569,717	\$ 11,617,645	\$ 47,928
Fund balance used to reduce school district assessment	392,795		
Total revenues, other financing sources, and use of fund balance	\$ 11,962,512		

**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, 2016**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 17,214	\$ 4,667,669	\$ 4,381,652	\$ 2,756	\$ 300,475
Special programs	2,190	1,491,094	1,482,680	-	10,604
Vocational programs	1,337	25,900	9,112	9,142	8,983
Other	64	168,980	159,732	-	9,312
Total instruction	<u>20,805</u>	<u>6,353,643</u>	<u>6,033,176</u>	<u>11,898</u>	<u>329,374</u>
Support services:					
Student	701	1,038,543	1,158,882	3,312	(122,950)
Instructional staff	939	355,513	348,013	1,387	7,052
General administration	-	44,910	17,800	1,067	26,043
Executive administration	1,394	421,157	446,067	1,442	(24,958)
School administration	769	759,938	723,238	-	37,469
Business	-	294,755	306,959	148	(12,352)
Operation and maintenance of plant	52,704	1,068,003	958,749	171,226	(9,268)
Student transportation	3,175	403,956	460,599	-	(53,468)
Other	183	282,181	281,364	1,237	(237)
Total support services	<u>59,865</u>	<u>4,668,956</u>	<u>4,701,671</u>	<u>179,819</u>	<u>(152,669)</u>
Debt service:					
Principal of long-term debt	-	325,000	325,000	-	-
Interest on long-term debt	-	407,423	407,422	-	1
Total debt service	<u>-</u>	<u>732,423</u>	<u>732,422</u>	<u>-</u>	<u>1</u>
Other financing uses:					
Supplemental appropriation	-	7,490	-	-	7,490
Transfers out	-	200,000	228,088	-	(28,088)
Total other financing uses	<u>-</u>	<u>207,490</u>	<u>228,088</u>	<u>-</u>	<u>(20,598)</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 80,670</u>	<u>\$ 11,962,512</u>	<u>\$ 11,695,357</u>	<u>\$ 191,717</u>	<u>\$ 156,108</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, 2016*

Unassigned fund balance, beginning, as restated (see Note 15)		\$ 355,799
Changes:		
Fund balance used to reduce school district assessment		(392,795)
Budget summary:		
Revenue surplus (Schedule 1)	\$ 47,928	
Unexpended balance of appropriations (Schedule 2)	<u>156,108</u>	
Budget surplus		204,036
Decrease in nonspendable fund balance		2,728
Decrease in committed fund balance		<u>7,500</u>
Unassigned fund balance, ending		<u><u>\$ 177,268</u></u>

**SCHEDULE 4**  
**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**June 30, 2016**

	Special Revenue Funds		
	Grants	Food Service	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 11,120	\$ 11,120
Intergovernmental receivable	20,902	13,213	34,115
Inventory	-	8,197	8,197
Prepaid items	-	1,741	1,741
Total assets	<u>\$ 20,902</u>	<u>\$ 34,271</u>	<u>\$ 55,173</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,239	\$ 3,211	\$ 4,450
Interfund payable	19,663	30,482	50,145
Total liabilities	<u>20,902</u>	<u>33,693</u>	<u>54,595</u>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable	-	9,938	9,938
Unassigned (deficit)	-	(9,360)	(9,360)
Total fund balances	<u>-</u>	<u>578</u>	<u>578</u>
Total liabilities and fund balances	<u>\$ 20,902</u>	<u>\$ 34,271</u>	<u>\$ 55,173</u>

**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, 2016*

	Special Revenue Funds		
	Grants	Food Service	Total
Revenues:			
Local	\$ 3,731	\$ 112,228	\$ 115,959
State	300	2,873	3,173
Federal	299,288	98,259	397,547
Total revenues	<u>303,319</u>	<u>213,360</u>	<u>516,679</u>
Expenditures:			
Current:			
Instruction	121,175	-	121,175
Support services:			
Student	122,318	-	122,318
Instructional staff	54,415	-	54,415
Operation and maintenance of plant	3,732	-	3,732
Other	1,679	-	1,679
Noninstructional services	-	238,734	238,734
Total expenditures	<u>303,319</u>	<u>238,734</u>	<u>542,053</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(25,374)</u>	<u>(25,374)</u>
Other financing sources:			
Transfers in	-	28,088	28,088
Net change in fund balances	-	2,714	2,714
Fund balances, beginning, as restated (see Note 15)	-	(2,136)	(2,136)
Fund balances, ending	<u>\$ -</u>	<u>\$ 578</u>	<u>\$ 578</u>



**SCHEDULE 6**  
**WILTON-LYNDEBOROUGH COOPERATIVE SCHOOL DISTRICT**  
*Student Activity Funds*  
**Combining Schedule of Changes in Student Activities Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Balance, beginning	Additions	Deductions	Balance, ending
Schools:				
Middle School/High School	\$ 60,867	\$ 78,096	\$ 80,735	\$ 58,228
Lyndeborough Central	283	991	927	347
Florence Rideout	9,047	10,725	13,095	6,677
Totals	<u>\$ 70,197</u>	<u>\$ 89,812</u>	<u>\$ 94,757</u>	<u>\$ 65,252</u>