

LITCHFIELD SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Litchfield School District
Litchfield, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Litchfield 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.

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 aggregate remaining fund information of the Litchfield School District, as of June 30, 2016, and the respective changes in financial position and, the respective budgetary comparison for the general fund and grants 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 the 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

*Litchfield 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 Litchfield 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.

February 3, 2017

*Plodzik & Sanderson
Professional Association*

LITCHFIELD SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

The Superintendent of Schools and Business Administrator of New Hampshire School Administrative Unit #27, as management of the Litchfield School District, offer readers of the annual financial statements this narrative discussion and analysis of the financial activities of the District for the fiscal year which ended June 30, 2016. The District has prepared this discussion and analysis to encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net position for fiscal year ending June 30, 2016 was \$ (2,634,139). Net negative position increased an additional \$(182,211) or -7.4% between July 1, 2015 and June 30, 2016.
- Net pension liability is the influencing factor in the District's net position of government activities. Since implementing GASB Statement No. 68 in 2015, the District is required to report their proportionate share of the New Hampshire Retirement System's net pension liability based upon their plan contributions for the year. The New Hampshire Retirement System has a statutory funding schedule whose goal is to reach 100% plan funding by June 30, 2039. Net pension liability is \$12,123,829, increasing \$341,785 or 2.9% from the previous fiscal year. This number is for financial reporting purposes only and does not impact local property tax rates.
- The District did not initiate any new construction projects nor issue any bonds in fiscal year 2016.
- General Fund budgetary revenues of \$ 19,528,196 were \$52,376 lower than the final adjusted budget projections. Revenues consist of: charges for services; operating grants and contributions; and general revenues which consist of local and state property tax assessments, state and federal grants and contributions not restricted to purpose.
- General Fund budgetary expenditures of \$19,708,061 were \$391,105 lower than the final adjusted budget, representing a 1.98% underspend of appropriations.
- Net change in the unassigned balance for the General Fund was \$(179,865), with an end of year balance of \$238,729. This balance represents amounts that are not obligated or specifically designated and is available to offset the amount of local school assessment for the subsequent fiscal year.
- The District established the Technology Capital Reserve Fund in 2016 for the purpose of funding the acquisition and replacement of computer hardware, software, and other technology equipment.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's annual financial report, which consists of basic financial statements, notes to the financial statements, and related financial information. Our annual financial report consists of four elements: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, including this discussion and analysis. This report also contains other supplementary information in addition to the basic financial statements themselves.

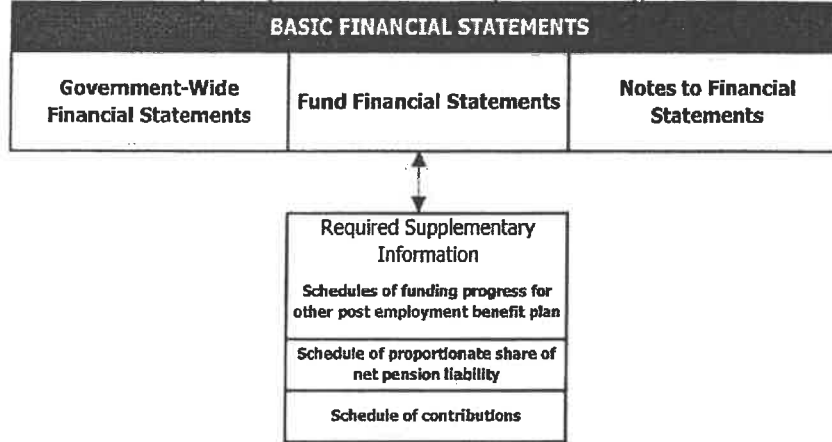
The basic financial statements include two kinds of statements that present different views of the District based upon measurement focus and basis of accounting.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how the District's services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following exhibit shows how the required parts of this annual report are arranged and related to one another.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following exhibit shows how the required parts of this annual report are arranged and related to one another.



The following exhibit summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain.

ACCOUNTING BASIS	Accrual	Modified Accrual	Accrual
MEASUREMENT FOCUS	Economic Resources	Current Financial Resources	Economic Resources
TYPE OF INFORMATION ASSETS AND LIABILITIES	All assets and liabilities, both financial and capital, short-term and long-term, deferred outflows/inflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term
TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Financial Statements

The Government-wide Financial Statements show functions of the District that are principally supported by property taxes and intergovernmental revenues as "Governmental Activities." These functions are accounted for in the General Fund, Food Service Fund, and Grants Fund. Intergovernmental revenues include local, state and federal monies. The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund definitions are part of a state-mandated uniform accounting system and chart of accounts for all New Hampshire School Districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds. The General Fund, Food Service Fund, and Grants Fund are consolidated as Governmental Funds. Both the General Fund and Grants Fund expenditures are compared to budget in the Budgetary Comparison Exhibits. Non-major funds include the Food Service Fund. All Food Service revenues are expended on program operations and the Grants Fund revenues are spent mainly on instruction. Fiduciary Funds are agency funds established to account for monies belonging to student groups and are shown on a separate schedule.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. The largest portion of the District's net position reflects its investment in capital assets; land, buildings and improvements, machinery and equipment. This is adjusted to reflect related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets. Summaries of the capital assets, depreciation and long-term debt obligations can be found in the Notes to Financial Statements. Depreciation is included by accounting convention thus the depreciated value of a District asset, as reflected in these reports, does not reflect an asset's useful or replacement value.

Statement of Net Position

As previously noted, net position may serve over time as a useful indicator of the district's financial position. Net position totaled \$(2,634,139) as of June 30, 2016, a decrease of \$ (182,211) over the previous fiscal year.

The largest portion of the District's net position is \$ 10.5 million which represents the net book value of all capital assets such as land, buildings, and equipment, less any related debt used to acquire those assets. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves generally cannot be used to liquidate these liabilities. A condensed version of the District's Statement of Net Position is shown below.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Summaries of capital assets, depreciation, and long-term debt obligations can be found in the Notes to Financial Statements. Depreciation is included by accounting convention thus the depreciated value of the District asset, as reflected in these reports, does not reflect the asset's useful, market, or replacement value.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016**

Statement of Net Position	FY 2016	FY 2015	\$ Change	% Change
Current Assets	1,369,736	1,615,988	(246,252)	-15.2%
Non-Current Assets	<u>10,453,954</u>	<u>10,764,344</u>	<u>(310,390)</u>	<u>-2.9%</u>
Total Assets	11,823,690	12,380,332	(556,642)	-4.5%
Deferred Outflows of Resources	1,102,516	1,023,505	79,011	7.7%
Current Liabilities	706,564	702,774	3,790	0.5%
Non-Current Liabilities	<u>13,689,580</u>	<u>13,240,412</u>	<u>449,168</u>	<u>3.4%</u>
Total Liabilities	14,396,144	13,943,186	452,958	3.2%
Deferred Inflows of Resources	1,164,201	1,912,579	(748,378)	-39.1%
Net Investment in Capital Assets	10,453,954	10,764,344	(310,390)	-2.9%
Restricted	109,253	112,920	(3,667)	-3.2%
Unrestricted (deficit)	<u>(13,197,346)</u>	<u>(13,329,192)</u>	<u>131,846</u>	<u>-1.0%</u>
Total Net Position	(2,634,139)	(2,451,928)	(182,211)	7.4%

- Total net position at year end is \$(2,634,139), or a 7.4% increase in the total negative net position from the previous fiscal year. As stated, the District reports their proportionate share of the New Hampshire Retirement System's net pension liability and expense based on their plan contributions for the year. The New Hampshire Retirement System has a statutory funding schedule to pay down its Unfunded Actuarial Accrued Liability (UAAL) through 2039. This requires the district to recognize a net pension liability of \$12,123,829, increasing \$341,785 from the previous fiscal year.

Statement of Activities

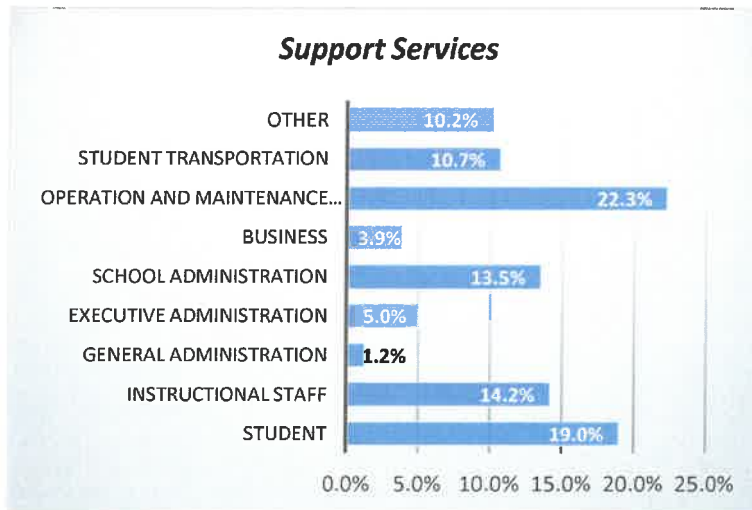
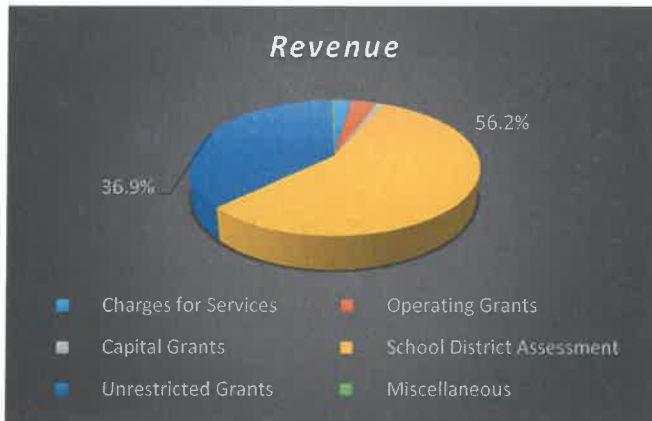
Revenue totaled \$20,462,207, an increase of \$316,405 from the previous fiscal year. The largest source of revenue is from local district assessment at 56.2% of total revenue, with 36.9% from grants not restricted to specific programs.

District expenses cover a range of services, the largest of which is the category of instruction at 53.8% of total expenses. Below is a condensed version of the District's Statement of Activities followed by charts showing the breakdown of the District's total revenue and expenses.

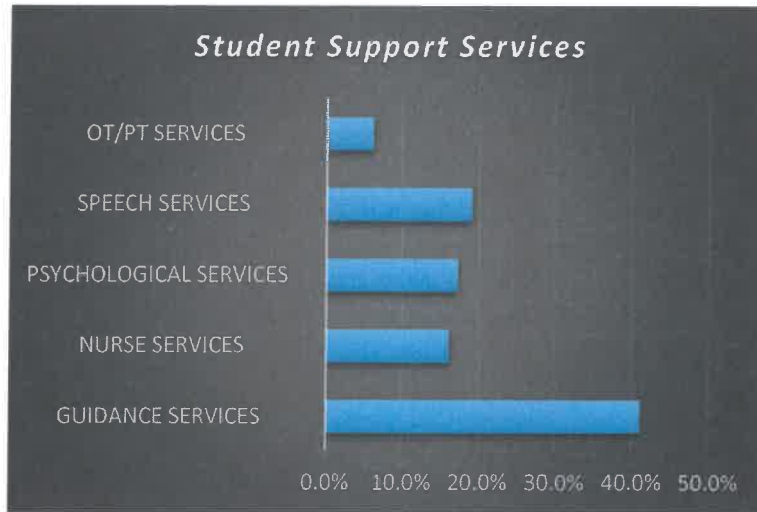
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016**

<i>Statement of Activities</i>	<i>FY 2016</i>	<i>FY 2015</i>	<i>\$ Change</i>	<i>% Change</i>	<i>%Total</i>
<u>Revenues</u>					
Program Revenues:					
Charges for Services	466,511	504,733	(38,222)	-7.6%	2.3%
Operating Grants	709,895	902,272	(192,377)	-21.3%	3.5%
Capital Grants	166,287	260,787	(94,500)	-36.2%	0.8%
General Revenues:					
School District Assessment	11,499,194	11,052,650	446,544	4.0%	56.2%
Unrestricted Grants	7,549,175	7,381,945	167,230	2.3%	36.9%
Miscellaneous	<u>71,145</u>	<u>43,415</u>	<u>27,730</u>	<u>63.9%</u>	<u>0.3%</u>
Total Revenue	20,462,207	20,145,802	316,405	1.6%	100.0%
<u>Program Expenses</u>					
Instruction	11,109,276	10,982,924	126,352	1.2%	53.8%
Support Services:					
Student	1,710,314	1,608,293	102,021	6.3%	8.3%
Instructional Staff	1,278,624	1,181,312	97,312	8.2%	6.2%
General Administration	111,270	108,488	2,782	2.6%	0.5%
Executive Administration	448,763	601,094	(152,331)	-25.3%	2.2%
School Administration	1,216,857	1,153,311	63,546	5.5%	5.9%
Business	346,337	305,650	40,687	13.3%	1.7%
Operation and Maintenance of Plant	2,005,056	2,086,329	(81,273)	-3.9%	9.7%
Student Transportation	961,459	964,561	(3,102)	-0.3%	4.7%
Other	912,646	607,851	304,795	50.1%	4.4%
Non-Instructional Services	543,816	524,435	19,381	3.7%	2.6%
Debt Service					
Interest	0	15,032	(15,032)	-100.0%	0.0%
Facilities Acquisition & Construction	<u>0</u>	<u>37,222</u>	<u>(37,222)</u>	<u>-100.0%</u>	<u>0.0%</u>
Total Expenditures	20,644,418	20,176,502	467,916	2.3%	100.0%
Change in Net Position	(182,211)	(30,700)	(151,511)	493.5%	
Beginning Net Position	(2,451,928)	(2,421,228)	(30,700)	1.3%	
Ending Net Position	(2,634,139)	(2,451,928)	(182,211)	7.4%	

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016



**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016**



INDIVIDUAL FUND FINANCIAL ANALYSIS

General Fund

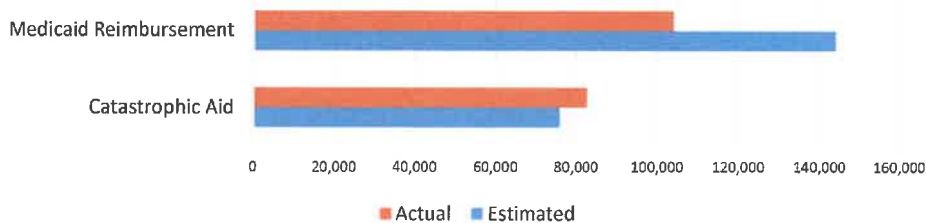
The General Fund is what most people think of as “the budget” since it is the focal point of the first session at annual meeting (Deliberative) and largely supported by locally raised taxes. The General Fund ended the fiscal year with an unassigned fund balance of \$238,729.

The General Fund is supported by \$11.5 million from local school assessment, \$7.8 million from State sources, \$104 thousand from Federal sources, and \$120 thousand from other local sources. General Fund expenditures of \$11.1 million are primarily for instruction and \$ 8.2 million for support services. Instructional expenditures increased \$759,391 or 6.9% and support services decreased \$(423,671) or -4.9% from the previous fiscal year.



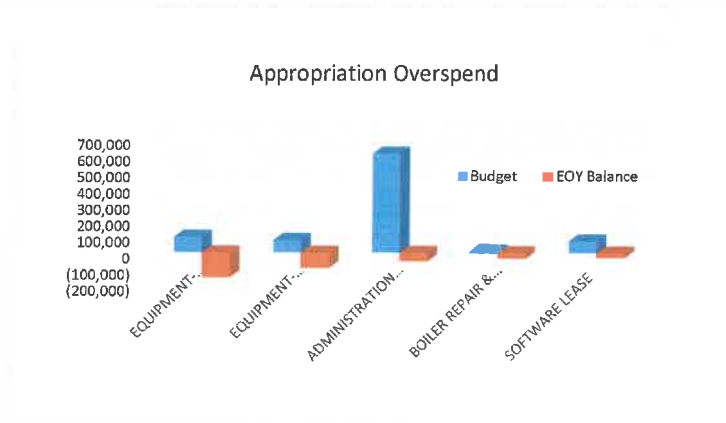
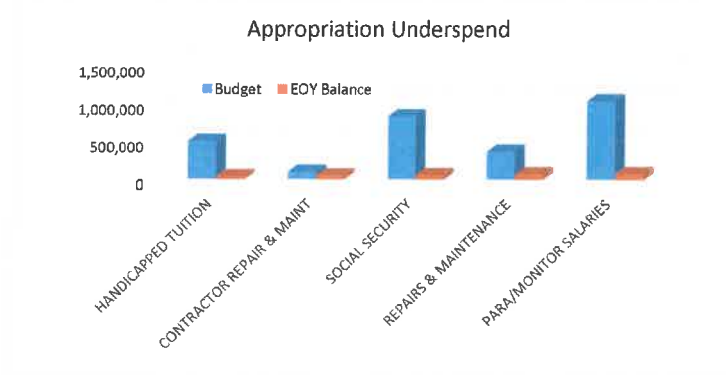
Comments on General Fund Budget Comparisons

- General Fund actual revenues totaling \$ 19,528,196 was \$52,376 less than anticipated.
 - State revenue marginally exceeded projected due to higher than anticipated for Catastrophic Aid (State), with Federal revenue falling short of projection due to lower Medicaid reimbursements.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016**

- General Fund expenditures totaling \$19,708,061 was \$391,105 less than appropriated.
 - Total appropriations were underspent by 1.98% of budget.
 - Salary and Benefit appropriation was underspent by \$408,687 or 2.6% of budget.
 - Equipment appropriation was overspent by \$250,691 or 7.4% of budget due to purchasing ahead computer equipment scheduled as part of the District's multi-year Information Technology plan.



CAPITAL ASSETS

Capital Assets

On June 30, 2016, the District reported total capital assets of \$10,453,954, net of accumulated depreciation. This represents a net book value reduction of \$310,390 or -2.9%. Capital assets consist of land, buildings, improvements, machinery, and equipment. Adjustments to the schedule of depreciable capital assets totaled \$204,082 in additions and \$514,472 in accumulated depreciation.

	Land & Buildings	Equipment
Beginning Balance	19,688,704	397,162
Additions	140,840	63,242
Less Accumulated Depreciation	(9,599,158)	(236,836)
Net Book Balue	10,230,386	223,568

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

FUTURE BUDGETARY IMPLICATIONS

Significant activities or events which may have an impact on future district finances include:

- o Attracting and retaining highly qualified teachers and staff
- o Computer technology in the classroom
- o Implementing a district-wide capital plan
- o Change of state legislation on calculation of Adequate Education Aid

Questions regarding this report should be directed to Mr. James O'Neill, Superintendent of Schools or to Mr. Frank Markiewicz, Business Administrator, at (603-578-3570), or by mail at:

Litchfield School District
SAU #27
1 Highlander Court
Litchfield, NH 03052

BASIC FINANCIAL STATEMENTS

EXHIBIT A
LITCHFIELD SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,106,172
Accounts receivable	1,200
Intergovernmental receivable	262,364
Capital assets, not being depreciated	460,792
Capital assets, net of accumulated depreciation	9,993,162
Total assets	11,823,690
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	1,102,516
LIABILITIES	
Accounts payable	39,485
Accrued salaries and benefits	667,079
Noncurrent obligations:	
Due within one year	14,542
Due in more than one year	13,675,038
Total liabilities	14,396,144
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants	49,266
Related to pensions	1,114,935
Total deferred inflows of resources	1,164,201
NET POSITION	
Net investment in capital assets	10,453,954
Restricted	109,253
Unrestricted	(13,197,346)
Total net position	\$ (2,634,139)

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

EXHIBIT B
LITCHFIELD SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 11,109,276	\$ 38,494	\$ 399,171	\$ -	\$ (10,671,611)
Support services:					
Student	1,710,314	-	114,606	-	(1,595,708)
Instructional staff	1,278,624	-	29,206	-	(1,249,418)
General administration	111,270	-	-	-	(111,270)
Executive administration	448,763	-	-	-	(448,763)
School administration	1,216,857	-	-	-	(1,216,857)
Business	346,337	-	-	-	(346,337)
Operation and maintenance of plant	2,005,056	900	-	-	(2,004,156)
Student transportation	961,459	9,783	3,860	-	(947,816)
Other	912,646	-	51,498	-	(861,148)
Noninstructional services	543,816	417,334	111,554	-	(14,928)
Interest on long-term debt	-	-	-	166,287	166,287
Total governmental activities	<u>\$ 20,644,418</u>	<u>\$ 466,511</u>	<u>\$ 709,895</u>	<u>\$ 166,287</u>	<u>(19,301,725)</u>
General revenues:					
School district assessment					11,499,194
Grants and contributions not restricted to specific programs					7,549,175
Unrestricted investment income					802
Miscellaneous					70,343
Total general revenues					<u>19,119,514</u>
Change in net position					(182,211)
Net position, beginning					(2,451,928)
Net position, ending					<u>\$ (2,634,139)</u>

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

EXHIBIT C-1
LITCHFIELD SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2016

	General	Grants	Other Governmental Fund (Food Service)	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 988,277	\$ -	\$ 117,895	\$ 1,106,172
Receivables:				
Accounts	1,200	-	-	1,200
Intergovernmental	155,239	101,964	5,161	262,364
Interfund receivable	52,698	-	-	52,698
Total assets	<u>\$ 1,197,414</u>	<u>\$ 101,964</u>	<u>\$ 123,056</u>	<u>\$ 1,422,434</u>
LIABILITIES				
Accounts payable	\$ 25,682	\$ -	\$ 13,803	\$ 39,485
Accrued salaries and benefits	667,079	-	-	667,079
Interfund payable	-	52,698	-	52,698
Total liabilities	<u>692,761</u>	<u>52,698</u>	<u>13,803</u>	<u>759,262</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	-	49,266	-	49,266
FUND BALANCES				
Restricted	-	-	109,253	109,253
Committed	255,239	-	-	255,239
Assigned	10,685	-	-	10,685
Unassigned	238,729	-	-	238,729
Total fund balances	<u>504,653</u>	<u>-</u>	<u>109,253</u>	<u>613,906</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,197,414</u>	<u>\$ 101,964</u>	<u>\$ 123,056</u>	<u>\$ 1,422,434</u>

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

*EXHIBIT C-2
LITCHFIELD 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)	\$	613,906
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	\$	20,289,948
Less accumulated depreciation		<u>(9,835,994)</u>
		10,453,954
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$	1,102,516
Deferred inflows of resources related to pensions		<u>(1,114,935)</u>
		(12,419)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$	(52,698)
Payables		<u>52,698</u>
		-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Compensated absences	\$	736,513
Other postemployment benefits		829,238
Net pension liability		<u>12,123,829</u>
		<u>(13,689,580)</u>
Net position of governmental activities (Exhibit A)	\$	<u><u>(2,634,139)</u></u>

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

EXHIBIT C-3
LITCHFIELD SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	General	Grants	Other Governmental Fund (Food Service)	Total Governmental Funds
REVENUES				
School district assessment	\$ 11,499,194	\$ -	\$ -	\$ 11,499,194
Other local	120,314	51,500	417,344	589,158
State	7,805,029	-	5,556	7,810,585
Federal	104,045	353,229	105,996	563,270
Total revenues	<u>19,528,582</u>	<u>404,729</u>	<u>528,896</u>	<u>20,462,207</u>
EXPENDITURES				
Current:				
Instruction	11,116,419	209,419	-	11,325,838
Support services:				
Student	1,659,285	114,606	-	1,773,891
Instructional staff	841,648	29,206	-	870,854
General administration	128,131	-	-	128,131
Executive administration	448,763	-	-	448,763
School administration	1,272,576	-	-	1,272,576
Business	323,392	-	-	323,392
Operation and maintenance of plant	1,997,654	-	-	1,997,654
Student transportation	961,459	-	-	961,459
Other	870,431	51,498	-	921,929
Noninstructional services	-	-	532,563	532,563
Facilities acquisition and construction	124,043	-	-	124,043
Total expenditures	<u>19,743,801</u>	<u>404,729</u>	<u>532,563</u>	<u>20,681,093</u>
Net change in fund balances	(215,219)	-	(3,667)	(218,886)
Fund balances, beginning	719,872	-	112,920	832,792
Fund balances, ending	<u>\$ 504,653</u>	<u>\$ -</u>	<u>\$ 109,253</u>	<u>\$ 613,906</u>

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

EXHIBIT C-4
LITCHFIELD 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)		\$ (218,886)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 204,082	
Depreciation expense	<u>(514,472)</u>	(310,390)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.		
Contributions subsequent to the measurement date	\$ 1,102,516	
Net pension expense	<u>(648,068)</u>	454,448
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.		
Increase in compensated absences payable	\$ (3,137)	
Increase in other postemployment benefits	<u>(104,246)</u>	(107,383)
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (182,211)</u></u>

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

EXHIBIT D-1
LITCHFIELD 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
	Original	Final		Positive (Negative)
REVENUES				
School district assessment	\$ 11,499,194	\$ 11,499,194	\$ 11,499,194	\$ -
Other local	138,398	138,398	119,928	(18,470)
State	7,798,980	7,798,980	7,805,029	6,049
Federal	144,000	144,000	104,045	(39,955)
Total revenues	<u>19,580,572</u>	<u>19,580,572</u>	<u>19,528,196</u>	<u>(52,376)</u>
EXPENDITURES				
Current:				
Instruction	11,742,315	11,623,440	11,116,416	507,024
Support services:				
Student	1,584,035	1,589,425	1,659,529	(70,104)
Instructional staff	822,783	814,054	847,709	(33,655)
General administration	104,896	101,697	128,131	(26,434)
Executive administration	493,104	503,410	448,866	54,544
School administration	1,213,323	1,218,684	1,271,526	(52,842)
Business	317,654	320,510	323,392	(2,882)
Operation and maintenance of plant	2,162,046	2,199,570	1,967,811	231,759
Student transportation	954,310	957,149	961,459	(4,310)
Other	541,067	643,879	859,179	(215,300)
Facilities acquisition and construction	163,633	127,348	124,043	3,305
Total expenditures	<u>20,099,166</u>	<u>20,099,166</u>	<u>19,708,061</u>	<u>391,105</u>
Net change in fund balance	<u>\$ (518,594)</u>	<u>\$ (518,594)</u>	(179,865)	<u>\$ 338,729</u>
Increase in committed fund balance			(100,000)	
Unassigned fund balance, beginning			518,594	
Unassigned fund balance, ending			<u>\$ 238,729</u>	

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

EXHIBIT D-2
LITCHFIELD SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 5,000	\$ 51,500	\$ 51,500	\$ -
Federal	570,000	353,229	353,229	-
Total revenues	<u>575,000</u>	<u>404,729</u>	<u>404,729</u>	<u>-</u>
EXPENDITURES				
Current:				
Instruction	450,000	209,419	209,419	-
Support services:				
Student	100,000	114,606	114,606	-
Instructional staff	25,000	29,206	29,206	-
Other	-	51,498	51,498	-
Total expenditures	<u>575,000</u>	<u>404,729</u>	<u>404,729</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ -</u>	

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

EXHIBIT E
LITCHFIELD SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2016

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 191,405
LIABILITIES	
Due to student groups	<u>191,405</u>
NET POSITION	<u>\$ -</u>

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

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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DETAILED NOTES ON ALL FUNDS

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LITCHFIELD 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 Litchfield School District, in Litchfield, New Hampshire (the School District) is a municipal corporation governed by an elected 5-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.

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 School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues) and decreases (expenditures) 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.

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.

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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.

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

Nonmajor Funds – The School District also reports one nonmajor governmental fund, the food service fund. 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. 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.

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

1-E Interfund Balances

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.

1-F 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 one year 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>
Land improvements	20
Buildings and building improvements	20 - 30
Equipment	5 - 15

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-G 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-H 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.

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

1-I 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-J 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 four 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:

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

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

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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, \$518,594 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:	
Per Exhibit D-1 (budgetary basis)	\$ 19,528,196
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Miscellaneous revenue of blended funds	386
Per Exhibit C-3 (GAAP basis)	<u>\$ 19,528,582</u>
Expenditures:	
Per Exhibit D-1 (budgetary basis)	\$ 19,708,061
Adjustments:	
Basis difference:	
Encumbrances, beginning	46,419
Encumbrances, ending	(10,685)
GASB Statement No. 54:	
Expenditures of blended funds	6
Per Exhibit C-3 (GAAP basis)	<u>\$ 19,743,801</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the School District's deposits was \$1,297,577 and the bank balances totaled \$1,930,589.

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,106,172
Cash per Statement of Net Position-Fiduciary Funds (Exhibit E)	191,405
Total cash and cash equivalents	<u>\$ 1,297,577</u>

NOTE 4 – RECEIVABLES

Receivables at June 30, 2016, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, restricted grants, and expendable trust funds held by the Town of Litchfield. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – INTERFUND BALANCES

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

Receivable Fund	Payable Fund	Amount
General	Grants	<u>\$ 52,698</u>

NOTE 6 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 460,792	\$ -	\$ 460,792
Being depreciated:			
Land improvements	-	45,000	45,000
Buildings and building improvements	19,227,912	95,840	19,323,752
Equipment	397,162	63,242	460,404
Total capital assets being depreciated	<u>19,625,074</u>	<u>204,082</u>	<u>19,829,156</u>
Total capital assets	<u>20,085,866</u>	<u>204,082</u>	<u>20,289,948</u>
Less accumulated depreciation:			
Land improvements	-	(1,875)	(1,875)
Buildings and building improvements	(9,114,531)	(482,752)	(9,597,283)
Equipment	(206,991)	(29,845)	(236,836)
Total accumulated depreciation	<u>(9,321,522)</u>	<u>(514,472)</u>	<u>(9,835,994)</u>
Net book value, capital assets being depreciated	<u>10,303,552</u>	<u>(310,390)</u>	<u>9,993,162</u>
Net book value, all capital assets	<u>\$ 10,764,344</u>	<u>\$ (310,390)</u>	<u>\$ 10,453,954</u>

Depreciation expense was charged to functions of the School District based on their usage of the related assets. The amounts allocated to each function are as follows:

Support services:	
Instructional staff	\$ 415,262
Operation and maintenance of plant	63,097
Other	21,256
Noninstructional services	14,857
Total depreciation expense	<u>\$ 514,472</u>

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources of \$1,102,516 and \$1,114,935 respectively in the government wide activities at June 30, 2016 consist of amounts related to pensions, see Note 9 for further information on deferred amounts related to pensions. Deferred inflows of resources of \$49,266 reported in the grants fund for unavailable revenues consist of federal and local grant revenues collected in advance of eligible expenditures being made.

NOTE 8 – 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	Additions	Reductions	Balance, June 30, 2016	Due Within One Year
Pension related debt	\$ 11,782,044	\$ 341,785	\$ -	\$ 12,123,829	\$ -
Compensated absences	733,376	41,550	(38,413)	736,513	14,542
Net other postemployment benefits	724,992	104,246	-	829,238	-
Total long-term liabilities	<u>\$ 13,240,412</u>	<u>\$ 487,581</u>	<u>\$ (38,413)</u>	<u>\$ 13,689,580</u>	<u>\$ 14,542</u>

NOTE 9 – DEFINED BENEFIT PENSION PLAN

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

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.

LITCHFIELD SCHOOL DISTRICT
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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 \$1,175,929, \$1,188,781, and \$1,321,585, 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 \$12,123,829 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 0.30603928% which was a decrease of 0.00784842% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense of \$648,068. 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	\$ -	\$ 524,866
Net difference between projected and actual investment earnings on pension plan investments	-	324,024
Differences between expected and actual experience	-	266,045
Contributions subsequent to the measurement date	1,102,516	-
Total	\$ 1,102,516	\$ 1,114,935

The \$1,102,516 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	\$ (365,476)
2017	(365,476)
2018	(365,476)
2019	29,631
2020	(48,137)
Totals	\$ (1,114,934)

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.

LITCHFIELD 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 2015
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	\$ 15,959,445	\$ 12,123,829	\$ 8,853,944
June 30, 2014	\$ 15,518,868	\$ 11,782,044	\$ 8,629,473
June 30, 2013	\$ 17,825,402	\$ 13,904,142	\$ 10,607,954

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.

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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	\$ 163,195
Interest on net OPEB obligation	32,625
Adjustment to annual required contribution	<u>(30,902)</u>
Annual OPEB cost (expense)	164,918
Contributions made	<u>(60,672)</u>
Increase in net OPEB obligation	104,246
Net OPEB obligation - beginning of year	<u>724,992</u>
Net OPEB obligation - end of year	<u><u>\$ 829,238</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 four 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	\$ 163,195	\$ 60,672	37.18%	\$ 829,238
June 30, 2015	\$ 154,203	\$ 55,662	36.10%	\$ 724,992
June 30, 2014	\$ 158,017	\$ 64,609	40.89%	\$ 624,966
June 30, 2013	\$ 168,982	\$ 59,274	35.08%	\$ 530,298
June 30, 2012	\$ 180,285	\$ 60,124	35.35%	\$ 420,590

As of July 1, 2015, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$1,513,168, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,513,168. The covered payroll (annual payroll of active employees covered by the plan) was \$10,595,742 during fiscal year 2016, and the ratio of the UAAL to the covered payroll was 14.28%.

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.

LITCHFIELD SCHOOL DISTRICT
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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 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 11 – ENCUMBRANCES

Encumbrances outstanding at June 30, 2016 are as follows:

Current:	
Support services:	
Student	\$ 689
Instructional staff	9,563
Executive administration	379
School administration	54
Total encumbrances	<u>\$ 10,685</u>

NOTE 12 – 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	\$ 10,453,954
Restricted for food service	109,253
Unrestricted	(13,197,346)
Total net position	<u>\$ (2,634,139)</u>

NOTE 13 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Other Governmental Fund (Food Service)	Total Governmental Funds
Restricted:			
Food service	\$ -	\$ 109,253	\$ 109,253
Committed:			
Expendable trust	155,239	-	155,239
Voted appropriation - March 2016	100,000	-	100,000
Total committed fund balance	<u>255,239</u>	<u>-</u>	<u>255,239</u>
Assigned:			
Encumbrances	10,685	-	10,685
Unassigned	<u>238,729</u>	<u>-</u>	<u>238,729</u>
Total governmental fund balances	<u>\$ 504,653</u>	<u>\$ 109,253</u>	<u>\$ 613,906</u>

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2016, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool, currently operating as common risk management and insurance program for member School Districts and cities.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2015 to June 30, 2016 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Litchfield School District billed and paid for the year ended June 30, 2016 was \$49,171 for workers' compensation and \$61,942 for property/liability. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

NOTE 15 – CONTINGENT LIABILITIES

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

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through February 3, 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
LITCHFIELD SCHOOL DISTRICT
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended June 30, 2016

Fiscal Year End	Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
June 30, 2016	July 1, 2015	\$ -	\$ 1,513,168	\$ 1,513,168	0.00%	\$ 10,595,742	14.28%
June 30, 2015	July 1, 2014	\$ -	\$ 1,412,508	\$ 1,412,508	0.00%	\$ 10,287,128	13.73%
June 30, 2014	July 1, 2013	\$ -	\$ 1,355,366	\$ 1,355,366	0.00%	\$ 8,071,770	16.79%
June 30, 2013	July 1, 2012	\$ -	\$ 1,419,265	\$ 1,419,264	0.00%	\$ 7,836,670	18.11%
June 30, 2012	July 1, 2011	\$ -	\$ 1,383,635	\$ 1,383,635	0.00%	\$ 8,501,171	16.28%

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

EXHIBIT G
LITCHFIELD 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 End	Valuation Date	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	June 30, 2015	0.30603928%	\$ 12,123,829	\$ 8,880,015	136.53%	65.47%
June 30, 2015	June 30, 2014	0.31388770%	\$ 11,782,044	\$ 8,661,687	136.02%	59.81%
June 30, 2014	June 30, 2013	0.32306781%	\$ 13,904,142	\$ 8,971,205	154.99%	66.32%

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

EXHIBIT H
LITCHFIELD 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 End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	June 30, 2015	\$ 1,026,726	\$ 1,026,726	\$ -	\$ 8,880,015	11.56%
June 30, 2015	June 30, 2014	\$ 1,018,324	\$ 1,018,324	\$ -	\$ 8,661,687	11.76%
June 30, 2014	June 30, 2013	\$ 803,320	\$ 803,320	\$ -	\$ 8,971,205	8.95%

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

LITCHFIELD 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 four preceding years.

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree benefit liability:

A brief description of the retiree medical insurance plan:

a. Eligibility Employees are eligible for retiree health coverage upon meeting NHRS eligibility requirements.

Group I:

Hired prior to July 1, 2011 - earlier of:

- a. Age 50 with 10 years of service (early retirement)
- b. Age 60 with no service requirement
- c. Rule of 70 with at least 20 years of service

Group II:

Hired on/after July 1, 2011 - earlier of:

- a. Age 60 with 30 years of service
- b. Age 65 with no service requirement

b. Spouse benefit Retiree health coverage continues to surviving spouse upon death of the retiree provided that the spouse continues to pay the full cost of coverage.

c. School district subsidy None

d. Retiree cost sharing Retirees pay the full cost of coverage.

e. Medical benefit Same benefit options are available to retirees as active employees. All health plans are fully-insured with SchoolCare and partially experience rated.

The monthly premiums by plan effective on July 1, 2015 and July 1, 2016 are as shown below:

Plan	Eff. 7/1/2015		Eff. 7/1/2016	
	1 person	2 person	1 person	2 person
SchoolCare Green Open Access	\$ 708	\$ 1,416	\$ 772	\$ 1,543
SchoolCare Red Open Access	\$ 655	\$ 1,310	\$ 714	\$ 1,427

f. Post Medicare GASB liability There is no post Medicare GASB liability since the retirees pay the full cost of coverage.

g. Dental benefit There is no GASB liability for dental benefit as retirees pay the full cost of coverage.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
LITCHFIELD 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	\$ 11,499,194	\$ 11,499,194	\$ -
Other local sources:			
Tuition	110,198	38,494	(71,704)
Transportation	10,000	9,783	(217)
Investment income	200	408	208
Rentals	-	900	900
Miscellaneous	18,000	70,343	52,343
Total from other local sources	<u>138,398</u>	<u>119,928</u>	<u>(18,470)</u>
State sources:			
Adequacy aid (grant)	5,680,132	5,680,133	1
Adequacy aid (tax)	1,869,042	1,869,042	-
School building aid	166,287	166,287	-
Catastrophic aid	76,000	82,707	6,707
Vocational aid	2,000	3,860	1,860
Other state aid	5,519	3,000	(2,519)
Total from state sources	<u>7,798,980</u>	<u>7,805,029</u>	<u>6,049</u>
Federal sources:			
Medicaid	<u>144,000</u>	<u>104,045</u>	<u>(39,955)</u>
Total revenues	19,580,572	<u>\$ 19,528,196</u>	<u>\$ (52,376)</u>
Fund balance used to reduce school district assessment	518,594		
Total revenues and use of fund balance	<u>\$ 20,099,166</u>		

SCHEDULE 2
LITCHFIELD 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	\$ -	\$ 7,922,160	\$ 7,864,674	\$ -	\$ 57,486
Special programs	-	3,113,011	2,719,372	-	393,639
Vocational programs	-	25,385	30,614	-	(5,229)
Adult and community programs	-	7	-	-	7
Non-public programs	-	68,175	8,839	-	59,336
Other	-	494,702	492,917	-	1,785
Total instruction	-	11,623,440	11,116,416	-	507,024
Support services:					
Student	445	1,589,425	1,659,285	689	(70,104)
Instructional staff	3,502	814,054	841,648	9,563	(33,655)
General administration	-	101,697	128,131	-	(26,434)
Executive administration	276	503,410	448,763	379	54,544
School administration	1,104	1,218,684	1,272,576	54	(52,842)
Business	-	320,510	323,392	-	(2,882)
Operation and maintenance of plant	29,840	2,199,570	1,997,651	-	231,759
Student transportation	-	957,149	961,459	-	(4,310)
Other	11,252	643,879	870,431	-	(215,300)
Total support services	46,419	8,348,378	8,503,336	10,685	(119,224)
Facilities acquisition and construction	-	127,348	124,043	-	3,305
Total appropriations, expenditures, and encumbrances	\$ 46,419	\$ 20,099,166	\$ 19,743,795	\$ 10,685	\$ 391,105

*SCHEDULE 3
LITCHFIELD 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		\$ 518,594
Changes:		
Fund balance used to reduce school district assessment		(518,594)
2015-2016 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (52,376)	
Unexpended balance of appropriations (Schedule 2)	<u>391,105</u>	
2015-2016 Budget surplus		338,729
Increase in committed fund balance		<u>(100,000)</u>
Unassigned fund balance, ending		<u>\$ 238,729</u>

*SCHEDULE 4
LITCHFIELD SCHOOL DISTRICT
Student Activities Funds
Combining Schedule of Changes in Student Activities Funds
For the Fiscal Year Ended June 30, 2016*

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
Schools:				
Campbell High	\$ 122,194	\$ 391,747	\$ 390,613	\$ 123,328
Litchfield Middle	35,524	188,721	173,413	50,832
Griffin Memorial	15,568	21,915	20,238	17,245
Totals	<u>\$ 173,286</u>	<u>\$ 602,383</u>	<u>\$ 584,264</u>	<u>\$ 191,405</u>