

LITCHFIELD SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

LITCHFIELD SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

TABLE OF CONTENTS

	<u>PAGES</u>
<i>INDEPENDENT AUDITOR'S REPORT</i>	1 - 2
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	3 - 8
 BASIC FINANCIAL STATEMENTS 	
Government-wide Financial Statements	
A Statement of Net Position	9
B Statement of Activities	10
Fund Financial Statements	
<i>Governmental Funds</i>	
C-1 Balance Sheet	11
C-2 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	13
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
<i>Budgetary Comparison Information</i>	
D-1 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	15
D-2 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP Basis) – Grants Fund.....	16
<i>Fiduciary Funds</i>	
E Statement of Net Position	17
NOTES TO THE BASIC FINANCIAL STATEMENTS	18 - 31
 REQUIRED SUPPLEMENTARY INFORMATION 	
F Schedule of Funding Progress for Other Postemployment Benefit Plan	32
G Schedule of the School District's Proportionate Share of Net Pension Liability.....	33
H Schedule of School District Contributions	34
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	35
 COMBINING AND INDIVIDUAL FUND SCHEDULES 	
Governmental Funds	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	36
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis).....	37
3 Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis).....	38
Fiduciary Funds	
<i>Agency Funds</i>	
4 Student Activities Funds – Combining Schedule of Changes in Student Activities Funds.....	39



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
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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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, 2017, and the respective changes in financial position and, the respective budgetary comparison for the general fund and the 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 (pages 3-8), the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 32), the Schedule of School District's Proportionate Share of Net Pension Liability (page 33), and the Schedule of School District Contributions (page 34) 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.

*Litchfield School District
Independent Auditor's Report*

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

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

*Plodzik & Sanderson
Professional Association*

December 19, 2017

LITCHFIELD SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) OF THE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017

The Superintendent of Schools and Business Administrator of New Hampshire School Administrative Unit #27, as management of the Litchfield School District ("District"), we offer readers of the District's Financial Statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

1. Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$(3,607,806) (*net position*). Of this amount, \$(13,532,382) (*unrestricted net position*), had it been positive, may have been used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted net position is attributable to the reporting of the District's proportional share of the actuarially determined retirement system's unfunded pension liability less the system's net position ("net pension liability"). Reporting the District's proportional share of the net pension liability does not impact the District's ability to meet its current obligations.
- The District's total net position changed by \$(973,667).
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$980,427, a change of \$366,521 in comparison with the prior year.
- Net change in the unassigned fund balance for the General Fund was \$245,602, with an end of year balance of \$484,331. 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.
- Consistent with prior fiscal year, due to the implementation of GASB Statement Nos 68 and 71, the District is required to record its related share of net pension liability of the New Hampshire Retirement System. The net pension liability is the District's proportionate share of the retirement system's actuarially determined unfunded pension liability less the system's net position. This amount is reported only on the government-wide financial statements and has no impact on the fund financial statements of the District. At the end of the most recent year, our net pension liability is \$16,433,964, an increase of \$4,310,135, or 35.5% over prior year.
- The District did not initiate or any new construction nor issue any bonds in fiscal year 2017.

2. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the time of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The governmental activities of the District include administration, instruction, support services, operations and maintenance, and transportation.

Fund Financial Statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, 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.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three (3) individual governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and grants fund, which are considered to be major funds. Data from the remaining fund (food service), though reported on its own, is considered nonmajor, and would be combined with other like funds and reported in aggregate if necessary.

The District adopts an annual appropriated budget for its general, food service and grant funds. A budgetary comparison statement has been provided for the major funds the general and grants funds to demonstrate compliance with this budget.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements, because the resources of those funds are *not* available to support the District's own programs.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* that is required to be disclosed by accounting principles generally accepted in the United States of America. This report also includes other supplementary information in the form of the combining and individual fund statements.

3. **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of government’s financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(3,607,806) at the close of the most recent fiscal year.

The largest portion of the District’s net position, \$9,841,973, reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; 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 following is a summary of condensed statement of net position and statement of activities for government-wide financial data for the current and prior fiscal years.

Litchfield School District's Condensed Statement of Net Position

	Governmental Activities	
	2017	2016
Current and other assets	\$ 1,788,331	\$ 1,369,736
Capital assets	9,841,973	10,453,954
Total assets	11,630,304	11,823,690
Deferred outflows of resources	4,312,985	1,102,516
Long-term liabilities outstanding	18,142,865	13,689,580
Other liabilities	756,760	706,564
Total liabilities	18,899,625	14,396,144
Deferred inflows of resources	651,470	1,164,201
Net position:		
Net investment in capital assets	9,841,973	10,453,954
Restricted	82,603	109,253
Unrestricted	(13,532,382)	(13,197,346)
Total net position	\$ (3,607,806)	\$ (2,634,139)

Litchfield School District's Condensed Statement of Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for service	\$ 440,186	\$ 466,511
Operating grants and contributions	812,880	709,895
Capital grants and contributions	-	166,287
General revenues	19,862,495	19,119,514
Total revenues	21,115,561	20,462,207
Expenses:		
Administration	2,263,507	2,123,227
Instruction	12,805,277	11,109,276
Support services	2,613,094	2,988,938
Operation and maintenance	2,054,939	2,005,056
Transportation	989,140	961,459
Other	843,785	912,646
Noninstructional services	519,486	543,816
Total expenses	22,089,228	20,644,418
Change in net position	(973,667)	(182,211)
Net position - Beginning of year	(2,634,139)	(2,451,928)
Net position - End of year	\$ (3,307,806)	\$ (2,634,139)

An additional portion of the District's net position (\$82,603) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$(13,532,382), if it were positive, may have been used to meet the District's ongoing obligations to citizens and creditors.

Governmental activities. As noted above, governmental activities net position changed by \$973,667. Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ 393,171
Nonmajor Funds (Food Service)	(26,650)
Depreciation expense, net of capital asset purchases	(611,981)
Change in net pension obligation, net of deferred resources	(585,057)
Other GAAP accruals	(143,150)
Total	\$ (973,667)

4. Financial Analysis of the Government's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$980,427, which is a change of \$366,521 in comparison with the prior year. Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ 393,171
Nonmajor Funds	
School Food Service	<u>(26,650)</u>
Total	<u>\$ 366,521</u>

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$484,331, while total fund balance was \$897,824. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.45 percent of total general fund expenditures, while total fund balance represents 4.54 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$393,521 during the current fiscal year. Key elements of this change are as follows:

Revenue in excess of budget	\$ 85,683
Expenditures less than budget	473,648
Use of fund balance as a funding source	(238,729)
Change in encumbrances	72,104
Other	<u>465</u>
Total	<u>\$ 393,171</u>

5. General Fund Budgetary Highlights

There is no change between the total original and total final budget.

6. Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2017, amounted to \$9,841,973 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, and equipment. The total change in the District's investment in total capital assets for the current year was \$(611,981).

Major capital asset events during the current fiscal year included the following:

	<u>Amount</u>
Capital asset additions:	
Litchfield Middle School Heating System	\$ 10,200
Campbell High School SAN (Server)	32,930
Depreciation expense	<u>(655,111)</u>
Total change in capital assets	<u>\$ (611,981)</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

7. Request for Information

This financial report is designed to provide a general overview of the District's financing for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Cory Izbicki, Business Administrator, C/O SAU #27, 1 Highlander Court, Litchfield, New Hampshire 03052.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
LITCHFIELD SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,437,761
Other receivables	1,650
Intergovernmental receivable	348,920
Capital assets, not being depreciated	460,792
Capital assets, net of accumulated depreciation	9,381,181
Total assets	11,630,304
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	4,312,985
LIABILITIES	
Accounts payable	57,750
Accrued salaries and benefits	699,010
Noncurrent obligations:	
Due in more than one year	18,142,865
Total liabilities	18,899,625
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants	51,144
Amounts related to pensions	600,326
Total deferred inflows of resources	651,470
NET POSITION	
Net investment in capital assets	9,841,973
Restricted	82,603
Unrestricted	(13,532,382)
Total net position	\$ (3,607,806)

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, 2017

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 12,805,277	\$ 45,563	\$ 517,084	\$ (12,242,630)
Support services:				
Student	1,806,794	-	114,291	(1,692,503)
Instructional staff	806,300	-	37,244	(769,056)
General administration	150,728	-	-	(150,728)
Executive administration	489,699	-	-	(489,699)
School administration	1,294,861	-	12,500	(1,282,361)
Business	328,219	-	-	(328,219)
Operation and maintenance of plant	2,054,939	900	-	(2,054,039)
Student transportation	989,140	9,071	2,438	(977,631)
Other	843,785	-	21,148	(822,637)
Noninstructional services	519,486	384,652	108,175	(26,659)
Total governmental activities	<u>\$ 22,089,228</u>	<u>\$ 440,186</u>	<u>\$ 812,880</u>	<u>(20,836,162)</u>
General revenues:				
School district assessment				12,328,478
Grants and contributions not restricted to specific programs				7,491,117
Interest				1,458
Miscellaneous				41,442
Total general revenues				<u>19,862,495</u>
Change in net position				(973,667)
Net position, beginning				(2,634,139)
Net position, ending				<u>\$ (3,607,806)</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, 2017

	General	Grants	Other Governmental Fund (Food Service)	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,347,220	\$ -	\$ 90,541	\$ 1,437,761
Receivables:				
Accounts	1,650	-	-	1,650
Intergovernmental	255,704	87,257	5,959	348,920
Interfund receivables	36,113	-	-	36,113
Total assets	<u>\$ 1,640,687</u>	<u>\$ 87,257</u>	<u>\$ 96,500</u>	<u>\$ 1,824,444</u>
LIABILITIES				
Accounts payable	\$ 43,889	\$ -	\$ 13,861	\$ 57,750
Accrued salaries and benefits	698,974	-	36	699,010
Interfund payable	-	36,113	-	36,113
Total liabilities	<u>742,863</u>	<u>36,113</u>	<u>13,897</u>	<u>792,873</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	-	51,144	-	51,144
FUND BALANCES				
Restricted	-	-	82,603	82,603
Committed	330,704	-	-	330,704
Assigned	82,789	-	-	82,789
Unassigned	484,331	-	-	484,331
Total fund balances	<u>897,824</u>	<u>-</u>	<u>82,603</u>	<u>980,427</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,640,687</u>	<u>\$ 87,257</u>	<u>\$ 96,500</u>	<u>\$ 1,824,444</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, 2017

Total fund balances of governmental funds (Exhibit C-1)	\$	980,427
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	\$	20,333,078
Less accumulated depreciation		<u>(10,491,105)</u>
		9,841,973
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	\$	4,312,985
Deferred inflows of resources related to pensions		<u>(600,326)</u>
		3,712,659
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$	(36,113)
Payables		<u>36,113</u>
		-
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Compensated absences	\$	818,387
Other postemployment benefits		890,514
Net pension liability		<u>16,433,964</u>
		<u>(18,142,865)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (3,607,806)</u></u>

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

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

	General	Grants	Other Governmental Fund (Food Service)	Total Governmental Funds
REVENUES				
School district assessment	\$ 12,328,478	\$ -	\$ -	\$ 12,328,478
Other local	98,425	21,149	384,664	504,238
State	7,595,588	-	5,438	7,601,026
Federal	127,850	451,235	102,734	681,819
Total revenues	<u>20,150,341</u>	<u>472,384</u>	<u>492,836</u>	<u>21,115,561</u>
EXPENDITURES				
Current:				
Instruction	11,382,853	287,201	-	11,670,054
Support services:				
Student	1,656,315	114,291	-	1,770,606
Instructional staff	772,386	37,244	-	809,630
General administration	143,083	-	-	143,083
Executive administration	477,050	-	-	477,050
School administration	1,221,523	12,500	-	1,234,023
Business	327,605	-	-	327,605
Operation and maintenance of plant	1,994,680	-	-	1,994,680
Student transportation	989,140	-	-	989,140
Other	792,535	21,148	-	813,683
Noninstructional services	-	-	519,486	519,486
Total expenditures	<u>19,757,170</u>	<u>472,384</u>	<u>519,486</u>	<u>20,749,040</u>
Net change in fund balances	393,171	-	(26,650)	366,521
Fund balances, beginning	504,653	-	109,253	613,906
Fund balances, ending	<u>\$ 897,824</u>	<u>\$ -</u>	<u>\$ 82,603</u>	<u>\$ 980,427</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, 2017

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 366,521
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	\$ 43,130	
Depreciation expense	<u>(655,111)</u>	(611,981)
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	\$ (81,874)	
Increase in other postemployment benefits	(61,276)	
Change in net pension liability and deferred outflows and inflows of resources related to pensions	<u>(585,057)</u>	<u>(728,207)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (973,667)</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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
School district assessment	\$ 12,328,478	\$ 12,328,478	\$ 12,328,478	\$ -
Other local	69,020	69,020	97,960	28,940
State	7,566,695	7,566,695	7,595,588	28,893
Federal	100,000	100,000	127,850	27,850
Total revenues	<u>20,064,193</u>	<u>20,064,193</u>	<u>20,149,876</u>	<u>85,683</u>
EXPENDITURES				
Current:				
Instruction	11,816,873	11,699,463	11,382,853	316,610
Support services:				
Student	1,746,704	1,747,010	1,655,626	91,384
Instructional staff	760,938	735,364	789,840	(54,476)
General administration	117,176	122,062	143,083	(21,021)
Executive administration	514,898	515,361	476,671	38,690
School administration	1,240,165	1,244,299	1,221,469	22,830
Business	327,234	333,786	327,605	6,181
Operation and maintenance of plant	2,180,458	2,219,227	2,050,452	168,775
Student transportation	932,461	1,006,321	989,140	17,181
Other	589,759	680,024	792,535	(112,511)
Facilities acquisition and construction	76,256	5	-	5
Total expenditures	<u>20,302,922</u>	<u>20,302,922</u>	<u>19,829,274</u>	<u>473,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(238,729)</u>	<u>(238,729)</u>	<u>320,602</u>	<u>559,331</u>
OTHER FINANCING USES				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (338,729)</u>	<u>\$ (338,729)</u>	220,602	<u>\$ 559,331</u>
Decrease in committed fund balance			25,000	
Unassigned fund balance, beginning			238,729	
Unassigned fund balance, ending			<u>\$ 484,331</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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 20,000	\$ 21,149	\$ 21,149	\$ -
Federal	555,000	451,235	451,235	-
Total revenues	<u>575,000</u>	<u>472,384</u>	<u>472,384</u>	<u>-</u>
EXPENDITURES				
Current:				
Instruction	575,000	287,201	287,201	-
Support services:				
Student	-	114,291	114,291	-
Instructional staff	-	37,244	37,244	-
School administration	-	12,500	12,500	-
Other	-	21,148	21,148	-
Total expenditures	<u>575,000</u>	<u>472,384</u>	<u>472,384</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, 2017

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	<u>\$ 158,146</u>
LIABILITIES	
Due to student groups	<u>\$ 158,146</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, 2017

Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Government-wide and Fund Financial Statements	1-B
Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	1-C
Cash and Cash Equivalents.....	1-D
Receivables.....	1-E
Capital Assets	1-F
Interfund Activities.....	1-G
Accounts Payable	1-H
Deferred Outflows/Inflows of Resources	1-I
Long-term Obligations	1-J
Compensated Absences	1-K
Defined Benefit Pension Plan	1-L
Net Position/Fund Balances.....	1-M
Use of Estimates	1-N
Stewardship, Compliance, and Accountability.....	2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis	2-B

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Receivables	4
Capital Assets.....	5
Interfund Balances	6
Deferred Outflows/Inflows of Resources	7
Long-term Liabilities	8
Defined Benefit Pension Plan	9
Other Postemployment Benefits (OPEB).....	10
Encumbrances	11
Governmental Activities Net Position.....	12
Governmental Fund Balances	13
Risk Management.....	14
Contingent Liabilities.....	15
Subsequent Events.....	16

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A Reporting Entity

The Litchfield School District is a municipal corporation governed by an elected 5-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The School District has no component units to include in its reporting entity.

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

1-B Government-wide and Fund Financial Statements

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

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

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

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

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

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

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

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

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

The School District reports the following major governmental funds:

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

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.

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

Nonmajor Fund – 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.

1-D Cash and Cash Equivalents

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits 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-E Receivables

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

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

1-F Capital Assets

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

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

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

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

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

	<u>Years</u>
Land improvements	20
Buildings and building improvements	20 - 30
Equipment	5 - 15

1-G 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-H Accounts Payable

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

1-I Deferred Outflows/Inflows of Resources

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

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

1-J Long-term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

1-K 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-L Defined Benefit Pension Plan

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

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

1-M Net Position/Fund Balances

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

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

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

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

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

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.

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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

1-N Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general and grants funds, 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.

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2017, \$338,729 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)	\$ 20,149,876
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	465
Per Exhibit C-3 (GAAP Basis)	<u>\$ 20,150,341</u>
	<u>(Continued)</u>

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Budgetary reconciliation to GAAP basis continued:

Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 19,929,274
Adjustments:	
Basis difference:	
Encumbrances, beginning	10,685
Encumbrances, ending	(82,789)
GASB Statement No. 54:	
To remove transfer from the general fund to the expendable trust fund	(100,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 19,757,170</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$1,595,907 and the bank balances totaled \$1,970,054.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,437,761
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E)	<u>158,146</u>
Total cash and cash equivalents	<u>\$ 1,595,907</u>

NOTE 4 – RECEIVABLES

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 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	19,323,752	10,200	19,333,952
Equipment	460,404	32,930	493,334
Total capital assets being depreciated	<u>19,829,156</u>	<u>43,130</u>	<u>19,872,286</u>
Total capital assets	<u>20,289,948</u>	<u>43,130</u>	<u>20,333,078</u>

(Continued)

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Capital assets continued:

	Balance, beginning	Additions	Balance, ending
Less accumulated depreciation:			
Land improvements	(1,875)	(2,250)	(4,125)
Buildings and building improvements	(9,597,283)	(620,253)	(10,217,536)
Equipment	(236,836)	(32,608)	(269,444)
Total accumulated depreciation	<u>(9,835,994)</u>	<u>(655,111)</u>	<u>(10,491,105)</u>
Net book value, capital assets being depreciated	<u>9,993,162</u>	<u>(611,981)</u>	<u>9,381,181</u>
Net book value, all capital assets	<u>\$10,453,954</u>	<u>\$ (611,981)</u>	<u>\$ 9,841,973</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:

Instruction	\$ 554,571
Support services:	
Operation and maintenance of plant	81,758
Support/Other	18,782
Total depreciation expense	<u>\$ 655,111</u>

NOTE 6 – INTERFUND BALANCES

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

Receivable Fund	Payable Fund	Amount
General	Grants	<u>\$36,113</u>

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources of \$4,312,985 and \$600,326 respectively in the government-wide activities June 30, 2017 consist of deferred amounts related to pensions, see Note 9 for further information.

Deferred inflows of resources of \$51,144 reported in the governmental funds for unavailable revenues are for grants and donations received 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, 2017:

	Balance July 1, 2016	Additions	Balance June 30, 2017
Compensated absences	\$ 736,513	\$ 81,874	\$ 818,387
Net other postemployment benefits	829,238	61,276	890,514
Pension related liability	12,123,829	4,310,135	16,433,964
Total long-term liabilities	<u>\$13,689,580</u>	<u>\$ 4,453,285</u>	<u>\$ 18,142,865</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,

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

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

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

Contributions: The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2017, the School District contributed 15.67% for teachers and 11.17% for other employees. The contribution requirements for the fiscal years 2015, 2016, and 2017 were \$1,188,781, \$1,321,585, and \$1,346,242, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At June 30, 2017, the School District reported a liability of \$16,433,964 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2016, the School District's proportion was 0.30904878% which was an increase of 0.00212078% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized pension expense of \$1,705,413. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 100,390	\$ 392,806
Net difference between projected and actual investment earnings on pension plan investments	1,028,193	-
Changes in assumptions	2,022,499	-
Differences between expected and actual experience	45,670	207,520
Contributions subsequent to the measurement date	1,116,233	-
Total	<u>\$ 4,312,985</u>	<u>\$ 600,326</u>

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

The \$1,116,233 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2017	\$ 459,598
2018	459,598
2019	858,318
2020	778,997
2021	39,915
Thereafter	-
Totals	<u>\$2,596,426</u>

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

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

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

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

Long-term Rates of Return: The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2016:

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

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2016	<u>\$ 21,116,524</u>	<u>\$ 16,433,964</u>	<u>\$ 12,550,522</u>

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.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

Annual required contribution/OPEB cost	\$ 140,709
Interest on net OPEB obligation	37,316
Adjustment to annual required contribution	<u>(35,345)</u>
Annual OPEB cost (expense)	142,680
Contributions made	<u>(81,404)</u>
Increase in net OPEB obligation	61,276
Net OPEB obligation - beginning of year	<u>829,238</u>
Net OPEB obligation - end of year	<u>\$ 890,514</u>

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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

Fiscal Year Ended	Annual OPEB Contribution Cost	Expected Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
June 30, 2017	\$ 140,709	\$ 81,404	57.85%	\$890,514
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	33.35%	\$420,590

As of July 1, 2016, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$1,375,726, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,375,726. The covered payroll (annual payroll of active employees covered by the plan) was \$8,547,438 during fiscal year 2017, and the ratio of the UAAL to the covered payroll was 16.10%.

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

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

In the July 1, 2016 actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.5% 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 2026 and later. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2017 was 30 years.

NOTE 11 – ENCUMBRANCES

Encumbrances outstanding at June 30, 2017 are as follows:

Current:	
Support services:	
Instructional staff	\$ 27,017
Operation and maintenance of plant	55,772
Total encumbrances	<u>\$ 82,789</u>

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

NOTE 12 – GOVERNMENTAL ACTIVITIES NET POSITION

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

Net investment in capital assets:	
Net book value of all capital assets	\$ 9,841,973
Restricted for food service	82,603
Unrestricted	<u>(13,532,382)</u>
Total net position	<u><u>\$ (3,607,806)</u></u>

NOTE 13 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Restricted:			
Food service	\$ -	\$ 82,603	\$ 82,603
Committed:			
Expendable trust	255,704	-	255,704
Voted appropriation - March 2017	75,000	-	75,000
Total committed fund balance	<u>330,704</u>	<u>-</u>	<u>330,704</u>
Assigned:			
Encumbrances	82,789	-	82,789
Unassigned	484,331	-	484,331
Total governmental fund balances	<u><u>\$ 413,493</u></u>	<u><u>\$ 82,603</u></u>	<u><u>\$ 980,427</u></u>

NOTE 14 – RISK MANAGEMENT

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

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1 to June 30, 2017 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Litchfield School District billed and paid for the year ended June 30, 2017 was \$47,984 for workers' compensation and \$67,008 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.

LITCHFIELD SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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 December 19, 2017, the date the June 30, 2017 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year End	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
June 30, 2017	July 1, 2016	\$ -	\$ 1,375,726	\$ 1,375,726	0.00%	\$ 8,547,438	16.10%
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	\$ 1,419,265	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, 2017

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, 2017	June 30, 2016	0.30904878%	\$ 16,433,964	\$8,880,015	185.07%	58.30%
June 30, 2016	June 30, 2015	0.30692800%	\$ 12,123,829	\$8,971,205	135.14%	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, 2017

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2017	June 30, 2016	\$ 1,106,639	\$ 1,106,639	\$ -	\$ 8,880,015	12.46%
June 30, 2016	June 30, 2015	\$ 1,026,726	\$ 1,026,726	\$ -	\$ 8,971,205	11.44%
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, 2017

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

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

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

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

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

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

Other Information:

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

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, 2017

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 12,328,478	\$ 12,328,478	\$ -
Other local sources:			
Tuition	40,520	45,563	5,043
Transportation	9,000	9,071	71
Investment earnings	500	984	484
Miscellaneous	19,000	42,342	23,342
Total from other local sources	<u>69,020</u>	<u>97,960</u>	<u>28,940</u>
State sources:			
Adequacy aid (grant)	5,511,137	5,513,559	2,422
Adequacy aid (tax)	1,977,558	1,977,558	-
Catastrophic aid	75,000	92,717	17,717
Vocational aid	3,000	2,438	(562)
Other state aid	-	9,316	9,316
Total from state sources	<u>7,566,695</u>	<u>7,595,588</u>	<u>28,893</u>
Federal sources:			
Medicaid	100,000	127,850	27,850
Total revenues	20,064,193	<u>\$ 20,149,876</u>	<u>\$ 85,683</u>
Use of fund balance to reduce school district assessment	338,729		
Total revenues and use of fund balance	<u>\$ 20,402,922</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, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 8,281,598	\$ 8,000,633	\$ -	\$ 280,965
Special programs	-	2,860,459	2,855,789	-	4,670
Vocational programs	-	46,945	28,714	-	18,231
Non-public programs	-	15,520	11,876	-	3,644
Other	-	494,941	485,841	-	9,100
Total instruction	-	11,699,463	11,382,853	-	316,610
Support services:					
Student	689	1,747,010	1,656,315	-	91,384
Instructional staff	9,563	735,364	772,386	27,017	(54,476)
General administration	-	122,062	143,083	-	(21,021)
Executive administration	379	515,361	477,050	-	38,690
School administration	54	1,244,299	1,221,523	-	22,830
Business	-	333,786	327,605	-	6,181
Operation and maintenance of plant	-	2,219,227	1,994,680	55,772	168,775
Student transportation	-	1,006,321	989,140	-	17,181
Other	-	680,024	792,535	-	(112,511)
Total support services	10,685	8,603,454	8,374,317	82,789	157,033
Facilities acquisition and construction	-	5	-	-	5
Other financing uses:					
Transfers out	-	100,000	100,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 10,685	\$ 20,402,922	\$ 19,857,170	\$ 82,789	\$ 473,648

*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, 2017*

Unassigned fund balance, beginning		\$ 238,729
Changes:		
Unassigned fund balance used to reduce school district assessment		(338,729)
2016-2017 Budget summary:		
Revenue surplus (Schedule 1)	\$ 85,683	
Unexpended balance of appropriations (Schedule 2)	473,648	
2016-2017 Budget surplus	559,331	
Decrease in committed fund balance		25,000
Unassigned fund balance, ending		\$ 484,331

*SCHEDULE 4
LITCHFIELD SCHOOL DISTRICT
Student Activities Funds
Combining Schedule of Changes in Student Activities Funds
For the Fiscal Year Ended June 30, 2017*

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
Schools:				
Campbell High	\$ 123,328	\$ 248,608	\$ 265,374	\$ 106,562
Litchfield Middle	50,832	197,850	211,356	37,326
Griffin Memorial	17,245	21,448	24,435	14,258
Totals	<u>\$ 191,405</u>	<u>\$ 467,906</u>	<u>\$ 501,165</u>	<u>\$ 158,146</u>