

**LITCHFIELD SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**LITCHFIELD SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**TABLE OF CONTENTS**

	<b><u>PAGES</u></b>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	3 - 9
 <b>BASIC FINANCIAL STATEMENTS</b> 	
<b>Government-wide Financial Statements</b>	
A Statement of Net Position .....	10
B Statement of Activities .....	11
<b>Fund Financial Statements</b>	
<i>Governmental Funds</i>	
C-1 Balance Sheet .....	12
C-2 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	13
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	14
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	15
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund .....	16
<i>Fiduciary Funds</i>	
E Statement of Net Position .....	17
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS .....</b>	18 - 34
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b> 	
F Schedule of the School District's Proportionate Share of Net Pension Liability .....	35
G Schedule of School District Contributions - Pensions .....	36
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY .....</b>	37
H Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability .....	38
I Schedule of School District Contributions – Other Postemployment Benefits .....	39
J Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios ..	40
<b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY .....</b>	41

**LITCHFIELD SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b>	
<b>Governmental Funds</b>	
<i>Major General Fund</i>	
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)..... 42
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)..... 43
3	Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)..... 44
<i>Nonmajor Governmental Funds</i>	
4	Combining Balance Sheet ..... 45
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances..... 46
<b>Fiduciary Funds</b>	
<i>Agency Funds</i>	
6	Student Activities Funds – Combining Schedule of Changes in Student Activities Funds..... 47



## **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, major fund, and aggregate remaining fund information of the Litchfield School District as of and for the year ended June 30, 2019, 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, major fund, and aggregate remaining fund information of the Litchfield School District, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

**Required Supplementary Information** – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the School District's Proportionate Share of Net Pension Liability,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability,

***Litchfield School District  
Independent Auditor's Report***

- Schedule of School District Contributions – Other Postemployment Benefits,
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 5, 2020

*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, 2019

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, 2019. 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 \$(6,632,270) (*net position*). Of this amount, \$(15,777,380) (*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 as well as the District's proportional share of other postemployment benefits 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 \$(687,633).

As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$816,680, a change of \$(426,314) in comparison with the prior year.

Net change in the unassigned fund balance for the General Fund was \$(476,853) with an end of year balance of \$149,497. 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 \$16,121,674, an increase of \$1,136,740, or 7.6% above prior year.

In addition to GASB statement Nos 68 and 71, the District is required to report in compliance with GASB Statement No 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change in the healthcare cost trend assumption.

The District did not issue any bonds in fiscal year 2019.

## 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 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, which is considered to be a major fund. Data from the remaining funds (grants and food service), are considered nonmajor, are combined and reported in aggregate. A separate schedule is provided in the financial statements to show the balances and activities in nonmajor funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund 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.

### **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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$(6,632,270) at the close of the most recent fiscal year.

The largest portion of the District's net position, \$9,145,110, 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. Capital assets are reported net of accumulated depreciation. 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	
	2019	2018
Current and other assets	\$ 1,747,982	\$ 2,094,945
Capital assets	9,145,110	9,355,491
Total assets	10,893,092	11,450,436
Deferred outflows of resources	4,613,709	3,922,265
Long-term liabilities outstanding	20,354,519	19,659,264
Other liabilities	886,916	779,474
Total liabilities	21,241,435	20,438,738
Deferred inflows of resources	897,636	878,600
Net position:		
Net investment in capital assets	9,145,110	9,355,491
Restricted	-	44,581
Unrestricted	(15,777,380)	(15,344,709)
Total net position	\$ (6,632,270)	\$ (5,944,637)

Litchfield School District's Condensed Statement of Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for service	\$ 656,363	\$ 432,008
Operating grants and contributions	751,082	786,608
General revenues	<u>20,941,708</u>	<u>20,477,176</u>
Total revenues	22,349,153	21,695,792
Expenses:		
Administration	2,344,373	2,200,869
Instruction	13,316,947	13,111,321
Support services	2,665,150	2,614,875
Operation and maintenance	2,177,395	2,117,702
Transportation	1,146,125	995,095
Other	849,884	727,024
Noninstructional services	<u>536,912</u>	<u>506,406</u>
Total expenses	<u>23,036,786</u>	<u>22,273,292</u>
Change in net position	(687,633)	(577,500)
Net position - Beginning of year	<u>(5,944,637)</u>	<u>(5,367,137)</u>
Net position - End of year	\$ <u><u>(6,632,270)</u></u>	\$ <u><u>(5,944,637)</u></u>

The balance of *unrestricted net position* (\$(6,632,270)), 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 \$(687,633). Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ (472,968)
Nonmajor funds	46,654
Depreciation expense, net of capital asset purchases	(210,381)
Change in net pension obligation, net of deferred resources	(262,597)
Change in compensated absences	<u>211,659</u>
Total	\$ <u><u>(687,633)</u></u>

#### 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 \$816,680, which is a change of \$(426,314) in comparison with the prior year. Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ (472,968)
Nonmajor Fund	
School Food Service	(44,581)
Capital Project Fund	91,235
Total	\$ (426,314)

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 \$149,497, while total fund balance was \$816,680. 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 0.7 percent of total general fund expenditures, while total fund balance represents 3.8 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$(472,968) during the current fiscal year. Key elements of this change are as follows:

Revenue shortfall of budget	\$ (92,903)
Expenditures less than budget	342,626
Use of fund balance as a funding source	(779,021)
Change in encumbrances	1,700
Other	54,630
Total	\$ (472,968)

#### 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, 2019, amounted to \$9,145,110 (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 \$(210,381).

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

	<u>Amount</u>
Capital asset additions:	
Griffin Memorial School – Kindergarten Modular	\$ 452,275
Griffin Memorial School – Secured Entry Way	79,100
CHS – Secured Entry Way	13,528
CHS – Tech Ed Ventilation System	78,044

Additional information on the District’s capital assets can be found in the notes to the financial statements, see Note 5.

**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, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,288,293
Other receivables	7,606
Intergovernmental receivable	450,158
Prepaid items	1,925
Capital assets, not being depreciated	474,320
Capital assets, net of accumulated depreciation	8,670,790
Total assets	<u>10,893,092</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	3,861,898
Amounts related to other postemployment benefits	751,811
Total deferred outflows of resources	<u>4,613,709</u>
<b>LIABILITIES</b>	
Accounts payable	130,913
Accrued salaries and benefits	725,613
Noncurrent obligations:	
Due within one year	30,390
Due in more than one year	20,354,519
Total liabilities	<u>21,241,435</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts received in advance of eligible expenses	74,776
Amounts related to pensions	746,558
Amounts related to other postemployment benefits	76,302
Total deferred inflows of resources	<u>897,636</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,145,110
Unrestricted	<u>(15,777,380)</u>
Total net position	<u>\$ (6,632,270)</u>

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, 2019*

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
	Expenses	for	Grants and	Change in
		Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 13,316,947	\$ 219,827	\$ 255,002	\$ (12,842,118)
Support services:				
Student	1,892,741	-	130,203	(1,762,538)
Instructional staff	772,409	-	53,706	(718,703)
General administration	138,281	-	-	(138,281)
Executive administration	549,129	-	-	(549,129)
School administration	1,312,417	-	-	(1,312,417)
Business	344,546	-	-	(344,546)
Operation and maintenance of plant	2,079,939	206,798	-	(1,873,141)
Student transportation	1,146,125	8,611	110	(1,137,404)
Other	849,884	-	56,875	(793,009)
Noninstructional services	536,912	221,127	230,945	(84,840)
Facilities acquisition and construction	97,456	-	24,241	(73,215)
Total governmental activities	<u>\$ 23,036,786</u>	<u>\$ 656,363</u>	<u>\$ 751,082</u>	<u>(21,629,341)</u>
General revenues:				
School district assessment				13,687,119
Grants and contributions not restricted to specific programs				7,077,750
Interest				11,512
Miscellaneous				165,327
Total general revenues				<u>20,941,708</u>
Change in net position				(687,633)
Net position, beginning				<u>(5,944,637)</u>
Net position, ending				<u>\$ (6,632,270)</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, 2019**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,286,199	\$ 2,094	\$ 1,288,293
Accounts receivable	7,606	-	7,606
Intergovernmental receivable	374,111	76,047	450,158
Interfund receivables	-	10,903	10,903
Prepaid items	1,925	-	1,925
Total assets	<u>\$ 1,669,841</u>	<u>\$ 89,044</u>	<u>\$ 1,758,885</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 109,183	\$ 21,730	\$ 130,913
Accrued salaries and benefits	725,613	-	725,613
Interfund payable	10,903	-	10,903
Total liabilities	<u>845,699</u>	<u>21,730</u>	<u>867,429</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Amounts received in advance of eligible expenditures	<u>7,462</u>	<u>67,314</u>	<u>74,776</u>
<b>FUND BALANCES</b>			
Nonspendable	1,925	-	1,925
Committed	470,556	-	470,556
Assigned	194,702	-	194,702
Unassigned	149,497	-	149,497
Total fund balances	<u>816,680</u>	<u>-</u>	<u>816,680</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,669,841</u>	<u>\$ 89,044</u>	<u>\$ 1,758,885</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 - Governmental Funds to the Statement of Net Position**  
**June 30, 2019**

Total fund balances of governmental funds (Exhibit C-1)		\$ 816,680
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 20,956,025	
Less accumulated depreciation	<u>(11,810,915)</u>	
		9,145,110
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 3,861,898	
Deferred inflows of resources related to pensions	(746,558)	
Deferred outflows of resources related to OPEB	751,811	
Deferred inflows of resources related to OPEB	<u>(76,302)</u>	
		3,790,849
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (10,903)	
Payables	<u>10,903</u>	
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ 665,946	
Net pension liability	16,121,674	
Other postemployment benefits	<u>3,597,289</u>	
		<u>(20,384,909)</u>
Net position of governmental activities (Exhibit A)		<u>\$ (6,632,270)</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, 2019**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
School district assessment	\$ 13,687,119	\$ -	\$ 13,687,119
Other local	75,900	535,777	611,677
State	7,262,731	124,694	7,387,425
Federal	139,805	523,127	662,932
Total revenues	<u>21,165,555</u>	<u>1,183,598</u>	<u>22,349,153</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	12,397,391	302,907	12,700,298
Support services:			
Student	1,771,827	130,203	1,902,030
Instructional staff	715,511	53,706	769,217
General administration	138,019	-	138,019
Executive administration	549,957	-	549,957
School administration	1,302,584	-	1,302,584
Business	342,543	-	342,543
Operation and maintenance of plant	2,094,252	-	2,094,252
Student transportation	1,146,015	110	1,146,125
Other	773,301	56,875	830,176
Noninstructional services	-	536,912	536,912
Facilities acquisition and construction	41,877	421,477	463,354
Total expenditures	<u>21,273,277</u>	<u>1,502,190</u>	<u>22,775,467</u>
Deficiency of revenues under expenditures	<u>(107,722)</u>	<u>(318,592)</u>	<u>(426,314)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,738	366,984	368,722
Transfers out	<u>(366,984)</u>	<u>(1,738)</u>	<u>(368,722)</u>
Total other financing sources (uses)	<u>(365,246)</u>	<u>365,246</u>	<u>-</u>
Net change in fund balances	(472,968)	46,654	(426,314)
Fund balances, beginning	1,289,648	(46,654)	1,242,994
Fund balances, ending	<u>\$ 816,680</u>	<u>\$ -</u>	<u>\$ 816,680</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 - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2019*

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ (426,314)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 457,470	
Depreciation expense	<u>(667,851)</u>	
		(210,381)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (368,722)	
Transfers out	<u>368,722</u>	
		-
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.		
expenditures in governmental funds.		
Decrease in compensated absences payable	\$ 211,659	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(255,928)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(6,669)</u>	
		(50,938)
Change in net position of governmental activities (Exhibit B)		<u>\$ (687,633)</u>

**EXHIBIT D**  
**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, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School district assessment	\$ 13,687,119	\$ 13,687,119	\$ -
Other local	230,107	71,308	(158,799)
State	7,236,640	7,262,731	26,091
Federal	100,000	139,805	39,805
Total revenues	<u>21,253,866</u>	<u>21,160,963</u>	<u>(92,903)</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	12,674,569	12,325,188	349,381
Support services:			
Student	1,838,695	1,771,827	66,868
Instructional staff	775,226	673,789	101,437
General administration	119,790	138,019	(18,229)
Executive administration	548,832	549,957	(1,125)
School administration	1,326,275	1,302,584	23,691
Business	327,810	342,543	(14,733)
Operation and maintenance of plant	2,069,559	2,197,004	(127,445)
Student transportation	1,168,254	1,146,015	22,239
Other	724,125	800,412	(76,287)
Facilities acquisition and construction	53,889	24,239	29,650
Total expenditures	<u>21,627,024</u>	<u>21,271,577</u>	<u>355,447</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(373,158)</u>	<u>(110,614)</u>	<u>262,544</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(405,863)</u>	<u>(416,984)</u>	<u>(11,121)</u>
Net change in fund balance	<u>\$ (779,021)</u>	<u>(527,598)</u>	<u>\$ 251,423</u>
Increase in nonspendable fund balance		(1,925)	
Decrease in committed fund balance		52,670	
Unassigned fund balance, beginning		626,350	
Unassigned fund balance, ending		<u>\$ 149,497</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, 2019**

---

	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 230,179</u>
<b>LIABILITIES</b>	
Due to student groups	<u>\$ 230,179</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, 2019**

	<b><u>NOTE</u></b>
<b>Summary of Significant Accounting Policies .....</b>	<b>1</b>
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
Prepaid Items .....	1-F
Capital Assets .....	1-G
Interfund Activities.....	1-H
Accounts Payable .....	1-I
Deferred Outflows/Inflows of Resources .....	1-J
Long-term Obligations .....	1-K
Compensated Absences .....	1-L
Defined Benefit Pension Plan .....	1-M
Postemployment Benefits Other Than Pensions (OPEB) .....	1-N
Net Position/Fund Balances.....	1-O
Use of Estimates .....	1-P
<b>Stewardship, Compliance, and Accountability .....</b>	<b>2</b>
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis.....	2-B

***DETAILED NOTES ON ALL FUNDS***

<b>Cash and Cash Equivalents .....</b>	<b>3</b>
<b>Receivables.....</b>	<b>4</b>
<b>Capital Assets.....</b>	<b>5</b>
<b>Interfund Balances and Transfers .....</b>	<b>6</b>
<b>Deferred Outflows/Inflows of Resources .....</b>	<b>7</b>
<b>Long-term Liabilities .....</b>	<b>8</b>
<b>Defined Benefit Pension Plan .....</b>	<b>9</b>
<b>Postemployment Benefits Other Than Pensions (OPEB) .....</b>	<b>10</b>
New Hampshire Retirement System (NHRS).....	10-A
Retiree Health Benefit Program.....	10-B
<b>Encumbrances .....</b>	<b>11</b>
<b>Governmental Activities Net Position.....</b>	<b>12</b>
<b>Governmental Fund Balances .....</b>	<b>13</b>
<b>Risk Management.....</b>	<b>14</b>
<b>Contingent Liabilities.....</b>	<b>15</b>
<b>Subsequent Events.....</b>	<b>16</b>

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**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 U.S. Generally Accepted Accounting Principles (GAAP) 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 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. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of 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. However, the School District has no debt service expenditures for the current year.

***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 the 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.

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.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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, 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 fund:

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

**Nonmajor Funds** – The School District also reports three nonmajor governmental funds.

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

**1-D Cash and Cash Equivalents**

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

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

**1-E Receivables**

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

**1-F Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.



**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**1-G Capital Assets**

Capital assets are reported in the governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The School District has established a threshold of \$10,000 or more and an estimated useful life in excess of one year for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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 government-wide Statement of Net Position.

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 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-H 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-I 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, 2019.

**1-J 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) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

**1-K Long-term Obligations**

In the government-wide financial statements and other long-term obligations are reported as liabilities in the 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, 2019**

***1-L Compensated Absences***

General leave for the School District includes vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

***1-M 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 related 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-N Postemployment Benefits Other Than Pensions (OPEB)***

The School District maintains two separate other postemployment benefit plans, as follows:

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***Single Employer Plan*** – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

***1-O Net Position/Fund Balances***

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

**Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of bonds, or other debt attributable to the acquisition, construction, or improvement of those assets.

**Unrestricted Net Position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**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 extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

**Committed** – 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** – 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** – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

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

***1-P Use of Estimates***

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

***NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY***

***2-A Budgetary Information***

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

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2019, \$626,351 of the beginning general fund unassigned fund balance was applied for this purpose, further \$152,670 was voted to be used in fiscal year 2018-19.

**2-B Budgetary Reconciliation to GAAP Basis**

While the School District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented for each major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D (budgetary basis)	\$ 21,160,963
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	4,592
Transfer from closed capital project fund to expendable trust funds	1,738
Per Exhibit C-3 (GAAP Basis)	<u>\$ 21,167,293</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 21,688,561
Adjustments:	
Basis difference:	
Encumbrances, beginning	196,402
Encumbrances, ending	(194,702)
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust funds	(50,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 21,640,261</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 \$1,518,472 and the bank balances totaled \$1,717,850.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,288,293
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E)	230,179
Total cash and cash equivalents	<u>\$ 1,518,472</u>

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2019, 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 Trust Funds for the School District. 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.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 consisted of the following:

	Balance, beginning	Additions	Transfers	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 460,792	\$ -	\$ -	\$ 460,792
Construction in progress	165,477	13,528	(165,477)	13,528
Total capital assets not being depreciated	626,269	13,528	(165,477)	474,320
Being depreciated:				
Land improvements	45,000	-	-	45,000
Buildings and building improvements	19,333,952	609,419	-	19,943,371
Equipment	493,334	-	-	493,334
Total capital assets being depreciated	19,872,286	609,419	-	20,481,705
Total capital assets	20,498,555	622,947	(165,477)	20,956,025
Less accumulated depreciation:				
Land improvements	(6,375)	(2,250)	-	(8,625)
Buildings and building improvements	(10,834,129)	(639,440)	-	(11,473,569)
Equipment	(302,560)	(26,161)	-	(328,721)
Total accumulated depreciation	(11,143,064)	(667,851)	-	(11,810,915)
Net book value, capital assets being depreciated	8,729,222	(58,432)	-	8,670,790
Net book value, all capital assets	\$ 9,355,491	\$ (44,904)	\$ (165,477)	\$ 9,145,110

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	\$ 577,487
Support services:	
Operation and maintenance of plant	75,362
Other	15,002
Total depreciation expense	\$ 667,851

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2019 are as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor fund	General Fund	\$ 10,903

Interfund transfers during the year ended June 30, 2019 are as follows:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 366,984	\$ 366,984
Nonmajor fund	1,738	-	1,738
Total	\$ 1,738	\$ 366,984	\$ 368,722

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

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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

Deferred outflows of resources in the governmental activities at June 30, 2019 consist of amounts related to pensions totaling \$3,861,898 and amounts related to OPEB totaling \$751,811. For further discussion on these amounts, see Notes 9 and 10, respectively.

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

	Governmental Activities	Governmental Funds
Amounts related to pensions, see Note 9	\$ 746,558	-
Amounts related to OPEB, see Note 10	76,302	-
Amounts received in advance of eligible expenditures/expenses	74,776	74,776
Total deferred inflows of resources	<u>\$ 897,636</u>	<u>\$ 74,776</u>

**NOTE 8 – LONG-TERM LIABILITIES**

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ 877,605	\$ -	\$ 211,659	\$ 665,946	\$ 30,390
Pension related liability	14,984,934	1,136,740	-	16,121,674	-
Net other postemployment benefits	3,796,725	-	199,436	3,597,289	-
Total long-term liabilities	<u>\$ 19,659,264</u>	<u>\$ 1,136,740</u>	<u>\$ 411,095</u>	<u>\$ 20,384,909</u>	<u>\$ 30,390</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 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 ¼ of 1% or age 60.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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 2019, the School District contributed 15.70% for teachers and 11.08% for other employees. The contribution requirement for the fiscal year 2019 was \$1,415,091, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At June 30, 2019, the School District reported a liability of \$16,121,674 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the School District's proportion was 0.33480781% which was an increase of 0.03% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized pension expense of \$1,742,560. At June 30, 2019, 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	\$ 1,131,047	\$ 242,950
Net difference between projected and actual investment earnings on pension plan investments		373,070
Changes in assumptions	1,115,700	-
Differences between expected and actual experience	128,680	130,538
Contributions subsequent to the measurement date	1,486,471	-
Total	<u>\$ 3,861,898</u>	<u>\$ 746,558</u>

The \$1,486,471 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, 2020. 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,	
2019	\$ 818,594
2020	725,983
2021	(74,165)
2022	158,457
Thereafter	-
Totals	<u>\$ 1,628,869</u>

**Actuarial Assumptions** – The collective total pension liability was determined by an actuarial performed as of June 30, 2017, rolled forward to June 30, 2018, using the following assumptions:

Inflation:	2.5% per year
Wage inflation	3.25% per year
Salary increases:	5.6% average, including inflation
Investment rate of return:	7.25% net of pension plan investment expense, including inflation

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

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, 2018 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 2018:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2018	\$ 21,450,019	\$ 16,121,674	\$ 11,656,358



**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**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– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**10-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2018 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

**Benefits Provided** – Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal years 2017 and 2016 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the School District contributed 1.66% for teachers and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$136,583, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At June 30, 2019, the School District reported a liability of \$1,413,740 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2018, the School District’s proportion was 0.30878094% which was a decrease of 0.07% from its proportion measured as of June 30, 2017.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

For the year ended June 30, 2019, the School District recognized OPEB expense of \$142,227. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 71,810
Net difference between projected and actual investment earnings on OPEB plan investments	8,298	4,492
Contributions subsequent to the measurement date	143,327	-
Total	<u>\$ 151,625</u>	<u>\$ 76,302</u>

The \$143,327 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2019	\$ (64,913)
2020	(1,401)
2021	(1,401)
2022	(289)
Totals	<u>\$ (68,004)</u>

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2017 and a measurement date of June 30, 2018. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.5% per year
Wage inflation:	3.25% per year
Salary increases:	5.6% average, including inflation
Investment rate of return:	7.25% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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

The actuarial assumptions used in the June 30, 2018 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 OPEB 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.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

Following is a table presenting target allocations and long-term rates of return for 2018:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the School District's proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the School District's proportionate share of the OPEB 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, 2018	\$ 1,471,427	\$ 1,413,740	\$ 1,252,149

**Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate** – GASB No. 75 requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change in the healthcare cost trend assumption.

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

#### **10-B Retiree Health Benefit Program**

**Plan Description** – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**Benefits Provided** – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees.

**Employees Covered by Benefit Terms** – At July 1, 2017 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	122
Total participants covered by OPEB plan	<u>124</u>

**Total OPEB Liability** – The School District's total OPEB liability of \$2,183,549 was measured as of July 1, 2018 and was determined by an actuarial valuation of that date.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$2,183,549 in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.58%
Healthcare Cost Trend Rates:	
Current Year Trend	9.50%
Second Year Trend	9.00%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2028
Salary Increases:	2.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of July 1, 2017.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2017.

**Changes in the Total OPEB Liability**

	June 30,		
	2017	2018	2019
Total OPEB liability beginning of year	\$ 1,375,726	\$ 1,932,339	\$ 2,047,474
Changes for the year:			
Service cost	82,071	115,689	118,001
Interest	60,076	68,450	72,661
Assumption changes	248,666	-	-
Difference between actual and expected experience	678,376	(28,322)	(18,911)
Change in actuarial cost method	(431,172)	-	-
Benefit payments	(81,404)	(40,682)	(35,676)
Total OPEB liability end of year	<u>\$ 1,932,339</u>	<u>\$ 2,047,474</u>	<u>\$ 2,183,549</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate** – The July 1, 2017 actuarial valuation was prepared using a discount rate of 2.1%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$2,008,201 or by 8%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$2,371,136 or by 9%.

	Discount Rate		
	1% Decrease	Baseline 2.10%	1% Increase
Total OPEB Liability	<u>\$ 2,371,136</u>	<u>\$ 2,183,549</u>	<u>\$ 2,008,201</u>

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The July 1, 2017 actuarial valuation was prepared using an initial trend rate of 8%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$2,499,771 or by 14%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$1,914,684 or by 12%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.00%	1% Increase
Total OPEB Liability	\$ 1,914,684	\$ 2,183,549	\$ 2,499,771

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2019, the School District recognized OPEB expense of \$327,904. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in assumptions	\$ 172,282
Differences between expected and actual experience	427,904
Total	\$ 600,186

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2020	\$ 133,050
2021	133,050
2022	133,050
2023	181,522
2024	19,514
Thereafter	-
Totals	\$ 600,186

**NOTE 11 – ENCUMBRANCES**

Encumbrances outstanding at June 30, 2019 are as follows:

Current:	
Support services:	
Instructional staff	\$ 2,360
Operation and maintenance of plant	165,126
Other	27,216
Total encumbrances	\$ 194,702

**NOTE 12 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2019 include the following:

Net book value of all capital assets	\$ 9,145,110
Unrestricted	(15,777,380)
Total net position	\$ (6,632,270)

None of net position is restricted by enabling legislation.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

**NOTE 13 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances at June 30, 2019 consist of the following:

	General Fund
<b>Nonspendable:</b>	
Prepaid items	\$ 1,925
<b>Committed:</b>	
Expendable trust	370,556
Voted appropriation - March 2019	100,000
Total committed fund balance	470,556
<b>Assigned:</b>	
Encumbrances	194,702
<b>Unassigned</b>	149,497
Total governmental fund balances	\$ 816,680

**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 2019, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2018 to June 30, 2019 by Primex<sup>3</sup>, which retained \$2,000,000 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 workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2018-19 the School District paid \$51,586 and \$42,808, respectively to Primex<sup>3</sup> for property/liability and workers' compensation. At the time of the issuance of this annual financial report, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 15 – CONTINGENT LIABILITIES**

There are various claims and suits pending against the School District which arose in the normal course of the School District's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the School District.

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 inhere

nt 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 5, 2020, the date the June 30, 2019 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 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, 2019*

	June 30,					
	2014	2015	2016	2017	2018	2019
School District's:						
Proportion of the net pension liability	0.32%	0.31%	0.31%	0.31%	0.30%	0.33%
Proportionate share of the net pension liability	\$ 13,904,142	\$ 11,782,044	\$ 12,123,829	\$ 16,433,964	\$ 14,984,934	\$ 16,121,674
Covered payroll	\$ 8,971,205	\$ 8,661,687	\$ 8,971,205	\$ 8,880,015	\$ 9,452,075	\$ 9,934,425
Proportionate share of the net pension liability as a percentage of its covered payroll	154.99%	136.02%	135.14%	185.07%	158.54%	162.28%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.



**EXHIBIT G**  
**LITCHFIELD SCHOOL DISTRICT**  
*Schedule of School District Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2019*

	June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 803,320	\$ 1,018,324	\$ 1,026,726	\$ 1,106,639	\$ 1,116,234	\$ 1,415,091
Contributions in relation to the contractually required contributions	(803,320)	(1,018,324)	(1,026,726)	(1,106,639)	(1,116,234)	(1,415,091)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 8,971,205	\$ 8,661,687	\$ 8,971,205	\$ 8,880,015	\$ 9,452,075	\$ 9,934,425
Contributions as a percentage of covered payroll	8.95%	11.76%	11.44%	12.46%	11.81%	14.24%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

***Schedule of the School District's Proportionate Share of Net Pension Liability and  
Schedule of School District Contributions – Pensions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the School District's pension plan at June 30, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2018:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	22 years beginning July 1, 2018 (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	3.62% 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	The roll-forward of total pension liability from June 30, 2017 to June 30, 2018 reflects expected service cost and interest reduced by actual benefit payments.
-------	---

**EXHIBIT H**  
**LITCHFIELD SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2019*

	June 30,		
	2017	2018	2019
School District's proportion of the net OPEB liability	0.39%	0.38%	0.31%
School District's proportionate share of the net OPEB liability	\$ 1,871,299	\$ 1,749,251	\$1,413,740
School District's covered payroll	\$ 8,988,095	\$ 9,452,075	\$9,934,425
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	20.80%	18.51%	14.23%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

**EXHIBIT I**  
**LITCHFIELD SCHOOL DISTRICT**  
*Schedule of School District Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2019*

	June 30,		
	2017	2018	2019
Contractually required contribution	\$ 224,608	\$ 226,751	\$ 136,583
Contributions in relation to the contractually required contribution	(224,608)	(226,751)	(136,583)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
School District's covered payroll	\$ 8,880,015	\$ 9,452,075	\$ 9,934,425
Contributions as a percentage of covered payroll	2.53%	2.40%	1.37%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

**EXHIBIT J**  
**LITCHFIELD SCHOOL DISTRICT**  
*Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios*  
*For the Fiscal Year Ended June 30, 2019*

	June 30,		
	2017	2018	2019
OPEB liability, beginning of year	\$ 1,375,726	\$ 1,932,339	\$ 2,047,474
Changes for the year:			
Service cost	82,071	115,689	118,001
Interest	60,076	68,450	72,661
Assumption changes	248,666	-	-
Difference between actual and expected experience	678,376	(28,322)	(18,911)
Change in actuarial cost method	(431,172)	-	-
Benefit payments	(81,404)	(40,682)	(35,676)
OPEB liability, end of year	<u>\$ 1,932,339</u>	<u>\$ 2,047,474</u>	<u>\$ 2,183,549</u>
Covered payroll	<u>\$ 8,547,438</u>	<u>\$ 8,321,649</u>	<u>\$ 8,488,082</u>
Total OPEB liability as a percentage of covered payroll	22.61%	24.60%	25.72%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

**LITCHFIELD SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**

***Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of School District Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
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 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

***Schedule of Changes in School District's Total Other Postemployment Benefits Liability and Related Ratios***

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2019. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***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, 2019**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 13,687,119	\$ 13,687,119	\$ -
Other local sources:			
Tuition	27,500	44,470	16,970
Transportation	9,000	-	(9,000)
Investment earnings	500	6,890	6,390
Miscellaneous	193,107	19,948	(173,159)
Total from other local sources	230,107	71,308	(158,799)
State sources:			
Adequacy aid (grant)	5,156,762	5,156,762	-
Adequacy aid (tax)	1,918,836	1,918,836	-
Kindergarten aid	88,000	88,000	-
Catastrophic aid	70,042	87,357	17,315
Vocational aid	3,000	8,611	5,611
Other state aid	-	3,165	3,165
Total from state sources	7,236,640	7,262,731	26,091
Federal sources:			
Medicaid	100,000	139,805	39,805
Total revenues	21,253,866	\$ 21,160,963	\$ (92,903)
Use of fund balance to reduce school district assessment	626,351		
Use of fund balance - appropriated	152,670		
Total revenues and use of fund balance	\$ 22,032,887		



**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, 2019*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 72,203	\$ 8,743,721	\$ 8,725,965	\$ -	\$ 89,959
Special programs	-	3,370,435	3,077,412	-	293,023
Vocational programs	-	37,461	48,535	-	(11,074)
Other programs	-	522,952	545,479	-	(22,527)
Total instruction	<u>72,203</u>	<u>12,674,569</u>	<u>12,397,391</u>	<u>-</u>	<u>349,381</u>
Support services:					
Student	-	1,838,695	1,771,827	-	66,868
Instructional staff	44,082	775,226	715,511	2,360	101,437
General administration	-	119,790	138,019	-	(18,229)
Executive administration	-	548,832	549,957	-	(1,125)
School administration	-	1,326,275	1,302,584	-	23,691
Business	-	327,810	342,543	-	(14,733)
Operation and maintenance of plant	62,374	2,069,559	2,094,252	165,126	(127,445)
Student transportation	-	1,168,254	1,146,015	-	22,239
Other	105	724,125	773,301	27,216	(76,287)
Total support services	<u>106,561</u>	<u>8,898,566</u>	<u>8,834,009</u>	<u>194,702</u>	<u>(23,584)</u>
Facilities acquisition and construction	<u>17,638</u>	<u>53,889</u>	<u>41,877</u>	<u>-</u>	<u>29,650</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>405,863</u>	<u>416,984</u>	<u>-</u>	<u>(11,121)</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 196,402</u>	<u>\$ 22,032,887</u>	<u>\$ 21,690,261</u>	<u>\$ 194,702</u>	<u>\$ 344,326</u>

**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, 2019*

Unassigned fund balance, beginning		\$ 626,350
Changes:		
Unassigned fund balance used to reduce school district assessment		(626,351)
Unassigned fund balance appropriated for use in 2018-2019		(152,670)
2018-2019 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (92,903)	
Unexpended balance of appropriations (Schedule 2)	<u>344,326</u>	
2018-2019 Budget surplus		251,423
Increase in nonspendable fund balance		(1,925)
Decrease in committed fund balance		<u>52,670</u>
Unassigned fund balance, ending		<u><u>\$ 149,497</u></u>

**SCHEDULE 4**  
**LITCHFIELD SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**June 30, 2019**

	<u>Special Revenue Funds</u>		<u>Capital</u>	
	<u>Grants</u>	<u>Food Service</u>	<u>Project</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,094	\$ -	\$ -	\$ 2,094
Intergovernmental receivable	71,086	4,961	-	76,047
Interfund receivable	-	10,903	-	10,903
Total assets	<u>\$ 73,180</u>	<u>\$ 15,864</u>	<u>\$ -</u>	<u>\$ 89,044</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 5,866</u>	<u>\$ 15,864</u>	<u>\$ -</u>	<u>\$ 21,730</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Amounts received in advance of eligible expenditures	<u>67,314</u>	<u>-</u>	<u>-</u>	<u>67,314</u>
Total liabilities and deferred inflows of resources	<u>\$ 73,180</u>	<u>\$ 15,864</u>	<u>\$ -</u>	<u>\$ 89,044</u>

**SCHEDULE 5**  
**LITCHFIELD SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2019**

	Special Revenue Funds			
	Grants	Food Service	Capital Project	Total
<b>REVENUES</b>				
Other local	25,706	361,964	148,107	535,777
State	56,875	4,539	63,280	124,694
Federal	437,556	85,571	-	523,127
Total revenues	520,137	452,074	211,387	1,183,598
<b>EXPENDITURES</b>				
Current:				
Instruction	255,002	-	47,905	302,907
Support services:				
Student	130,203	-	-	130,203
Instructional staff	53,706	-	-	53,706
Student transportation	110	-	-	110
Other	56,875	-	-	56,875
Noninstructional services	-	536,912	-	536,912
Facilities acquisition and construction	24,241	-	397,236	421,477
Total expenditures	520,137	536,912	445,141	1,502,190
Excess (deficiency) of revenues over (under) expenditures	-	(84,838)	(233,754)	(318,592)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	40,257	326,727	366,984
Transfers out	-	-	(1,738)	(1,738)
Total other financing sources (uses)	-	40,257	324,989	365,246
Net change in fund balances	-	(44,581)	91,235	46,654
Fund balances, beginning	-	44,581	(91,235)	(46,654)
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

**SCHEDULE 4**  
**LITCHFIELD SCHOOL DISTRICT**  
*Student Activities Funds*  
**Combining Schedule of Changes in Student Activities Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Balance, beginning	Additions	Deductions	Balance, ending
Schools:				
Campbell High	\$ 120,716	\$ 237,741	\$ 195,083	\$ 163,374
Litchfield Middle	46,272	172,269	171,737	46,804
Griffin Memorial	18,438	23,548	21,985	20,001
Totals	<u>\$ 185,426</u>	<u>\$ 433,558</u>	<u>\$ 388,805</u>	<u>\$ 230,179</u>