

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
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TABLE OF CONTENTS

		<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT		1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS		3 - 12
 BASIC FINANCIAL STATEMENTS 		
Government-wide Financial Statements		
A	Statement of Net Position	13
B	Statement of Activities.....	14
Fund Financial Statements		
<i>Governmental Funds</i>		
C-1	Balance Sheet.....	15
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	16
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances.....	17
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	18
<i>Budgetary Comparison Information</i>		
D	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	19
<i>Fiduciary Funds</i>		
E	Statement of Net Position	20
NOTES TO THE BASIC FINANCIAL STATEMENTS		21 - 40
 REQUIRED SUPPLEMENTARY INFORMATION 		
F	Schedule of the School District's Proportionate Share of Net Pension Liability	41
G	Schedule of School District Contributions - Pensions	42
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY		43
H	Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability	44
I	Schedule of School District Contributions – Other Postemployment Benefits.....	45
J	Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios ..	46
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY		47
 COMBINING AND INDIVIDUAL FUND SCHEDULES 		
Governmental Funds		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	48
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	49
3	Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)	50
Fiduciary Funds		
<i>Agency Funds</i>		
4	Student Activities Funds – Combining Schedule of Changes in Student Activities Funds	51



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Winnacunnet Cooperative School District
Hampton, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Winnacunnet Cooperative School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Winnacunnet Cooperative School District, as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in fiscal year 2018 the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

***Winnacunnet Cooperative School District
Independent Auditor's Report***

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
- Schedule of the School District Contributions – Other Postemployment Benefits
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios
- 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 Winnacunnet Cooperative School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Plodzik & Sanderson
Professional Association*

March 4, 2019

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

As management of New Hampshire School Administrative Unit (SAU) #21, the Winnacunnet Cooperative School District (the District), we offer readers of the District's annual financial statements this narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 34 (GASBS-34).

This section is a summary of the District's financial activities based on currently known facts, decisions, and conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and we encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net position for the year ending June 30, 2018, was (\$3,403,123). Net position increased by \$321,983 or 8.64%, between July 1, 2017 and June 30, 2018. The District's total net position consisted of \$14,387,690 in the net investment in capital assets, and an unrestricted net position balance of (\$17,795,599).
- The District's total liabilities of \$34,189,952 consisted primarily of obligations (due in more than one year) for bonds totaling \$12,195,320 and net pension liability \$17,627,233.
 - During the year, the District's expenses totaled \$25,147,685, with 45.87% for instruction (\$11,534,147).
 - Total revenues were \$25,469,668 and consist of charges for services, operating and capital grants restricted for specific programs, and general revenues (consisting of local and state property tax assessments and grants and contributions not restricted to specific programs). Local and state assessments generate 88.41% of the District's revenue.
- The fiscal year end balances for the governmental funds were categorized as follows:
 - Nonspendable = \$17,907
 - Restricted= \$4,786
 - Committed = \$629,753
 - Assigned = \$23,527
 - Unassigned = \$370,340
- The School District implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by (\$1,947,536) for the OPEB provided by NHRS and (\$1,004,043) for the District's local OPEB plan to retroactively report the increase/decrease in the net OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- Student enrollment increased by 14 students. Enrollment totaled 1,067 as of October 1, 2016 and 1,081 as of October 1, 2017.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

OVERVIEW OF FINANCIAL STATEMENTS

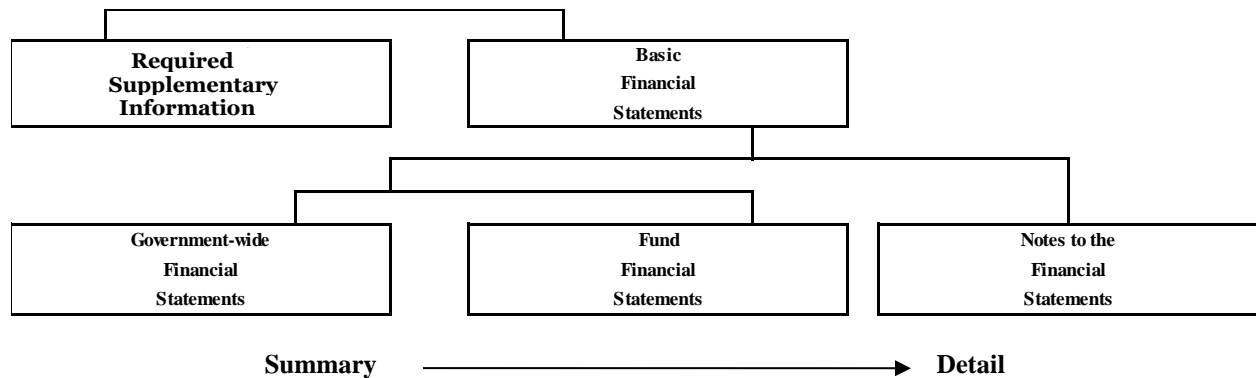
This discussion and analysis is intended to serve as an introduction to the District's annual financial report, which consists of basic financial statements, notes, and related financial/compliance information. Our annual financial report consists of four elements: 1) government-wide financial statements;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

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

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

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

Required Components of the Annual Financial Report
Figure 1



WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

Figure 2

	Government-Wide	Fund Statements	
		Governmental	Fiduciary
SCOPE	Entire District government (except fiduciary funds)	All activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's resources
REQUIRED FINANCIAL STATEMENTS	Statement of Net Position	Balance Sheet	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Changes in Fiduciary Net Position
ACCOUNTING BASIS	Accrual	Modified Accrual	Accrual
MEASUREMENT FOCUS	Economic Resources	Current Financial Resources	Economic Resources
TYPE OF INFORMATION ASSETS AND LIABILITIES	All assets and liabilities, both financial and capital, short-term and long-term, including deferred outflows and inflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term
TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All additions and deductions during the year, regardless of when cash is received or paid

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

The remainder of this overview section of MD&A explains the structure and contents of each of the statements:

Government-wide Financial Statements

The government-wide financial statements show functions of the District that are principally supported by property taxes and intergovernmental revenues as “governmental activities.” Intergovernmental revenues include local, state and federal monies. The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements focus on the individual parts of the government and report the District’s operations in more detail than the government-wide statements. Fund definitions are part of a state mandated uniform accounting system and chart of accounts for all New Hampshire school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District’s funds can be divided into two categories: governmental funds and fiduciary funds. Only those governmental activities that are considered significant or “major” funds are reported in individual columns in the fund financial statements.

The District’s basic services are accounted for in the governmental funds and include the general and special revenue (federal grant fund and food service fund) funds.

Fiduciary funds are agency funds which account for resources held in a purely custodial capacity consisting of the student activities funds. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

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.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position totaled (\$3,403,123) at June 30, 2018, an increase of \$321,983 over the previous fiscal year.

The largest portion of the District's net position reflects the unfunded liabilities at the State Retirement System. 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 resources, since the capital assets themselves generally cannot be used to liquidate these liabilities. A condensed version of the District's Statement of Net Position is shown below.

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

Winnacunnet Cooperative School District Governmental Activities Summary of Net Position Two Year Comparison				
	<u>2018</u>	<u>2017</u> <u>(as restated)</u>	<u>Change</u> <u>2017-2018</u>	<u>%</u> <u>Change</u> <u>2017-2018</u>
Assets				
Current Assets	\$ 1,348,291	\$ 2,584,882	\$ (1,236,591)	-47.84%
Capital Assets	26,612,647	27,497,174	(884,527)	-3.22%
Total Assets	<u>27,960,938</u>	<u>30,082,056</u>	<u>(2,121,118)</u>	<u>-7.05%</u>
Deferred Outflows of Resources	<u>3,914,724</u>	<u>5,716,828</u>	<u>(1,802,104)</u>	<u>-31.52%</u>
Liabilities				
Other Liabilities	480,201	414,342	65,859	15.89%
Long Term Liabilities	33,709,751	37,386,117	(3,676,366)	-9.83%
Total Liabilities	<u>34,189,952</u>	<u>37,800,459</u>	<u>(3,610,507)</u>	<u>-9.55%</u>
Deferred Inflows of Resources	<u>1,088,833</u>	<u>1,723,531</u>	<u>(634,698)</u>	<u>-36.83%</u>
Net Investment in Capital Assets	14,387,690	13,819,198	568,492	4.11%
Restricted Net Position	4,786	17,311	(12,525)	-72.35%
Unrestricted Net Position	<u>(17,795,599)</u>	<u>(17,561,615)</u>	<u>(233,984)</u>	<u>-1.33%</u>
Total Net Position	<u>\$ (3,403,123)</u>	<u>\$ (3,725,106)</u>	<u>\$ 321,983</u>	<u>8.64%</u>

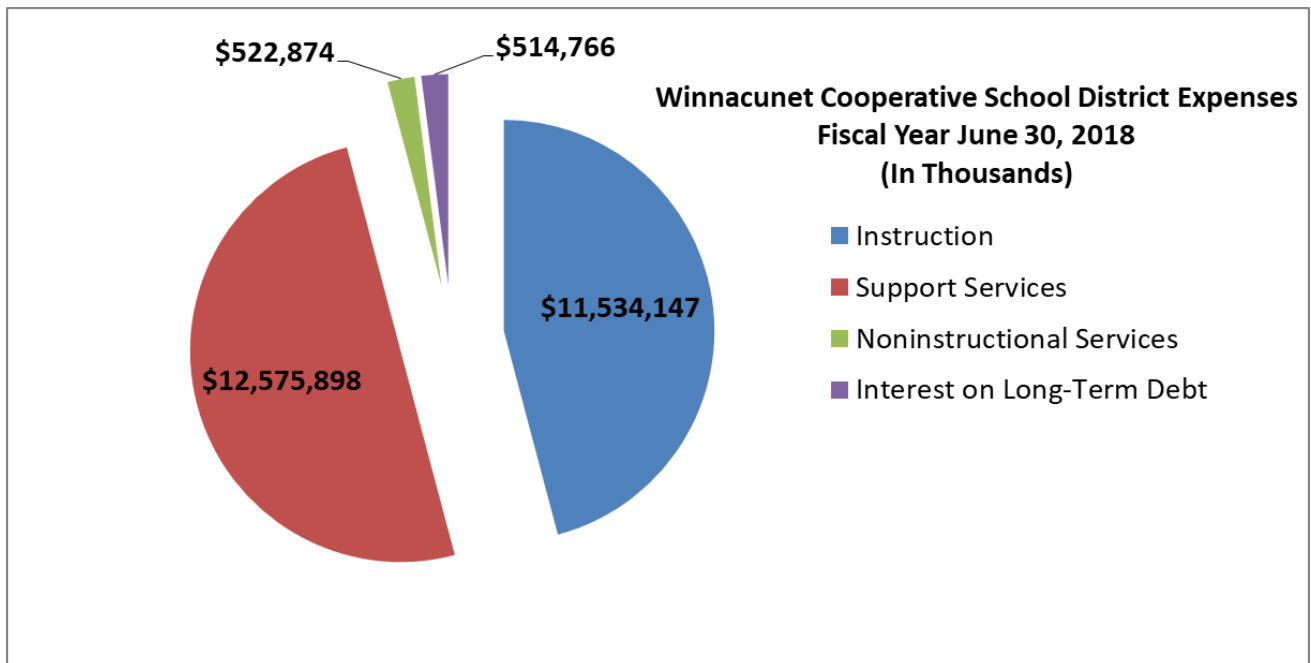
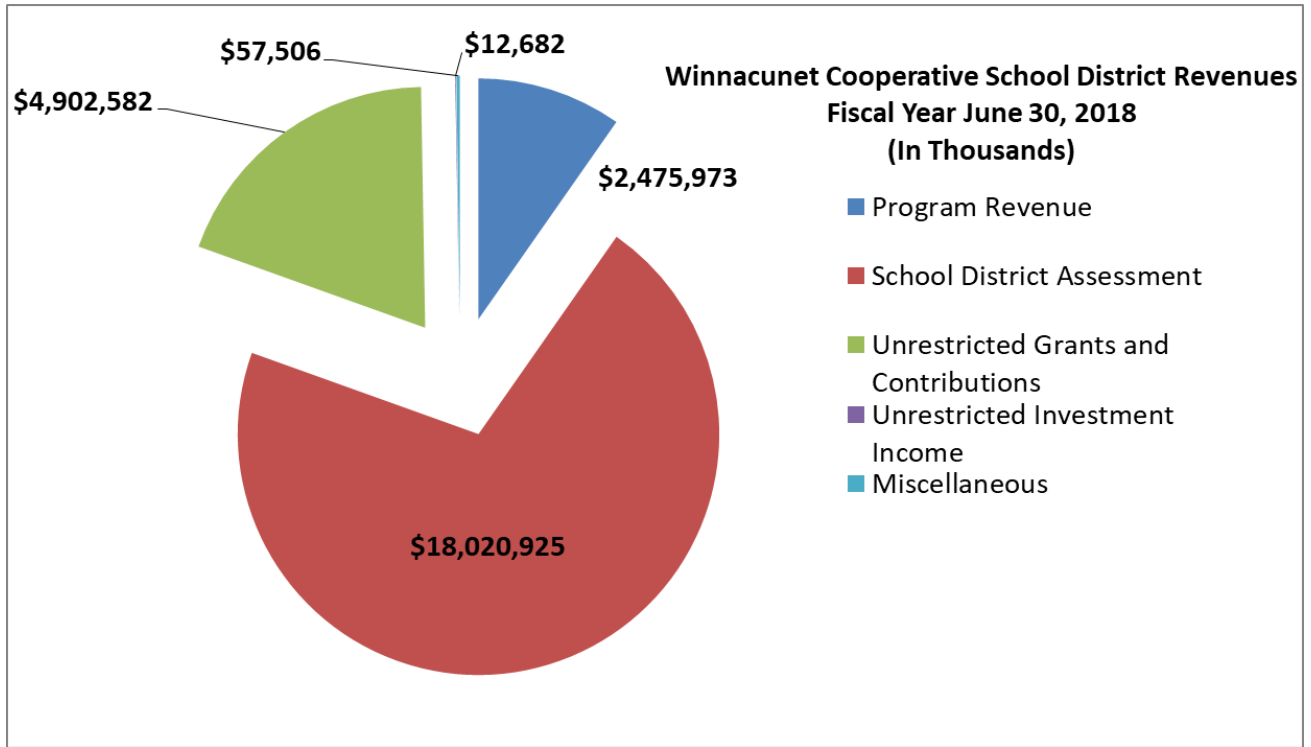
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

Statement of Activities

The District had total expenditures of \$25.15 million with revenue of \$25.47 million. 70.75% of the District's total revenues come from the school district assessment while 19.25% is derived from grants and contributions not restricted to specific programs. The District's expenses cover a range of services, the largest of which are school instruction (45.87% of total expenses) and support services (50.01% of total expenses). Below is a condensed version of the District's Statement of Activities followed by charts showing the breakdown of the District's total revenue and expenses.

Winnacunnet Cooperative School District				
Governmental Activities				
Statement of Activities				
Two Year Comparison				
	June 30, <u>2018</u>	June 30, <u>2017</u>	<u>Change</u>	<u>% Change</u>
Revenues				
Program Revenue				
Charges for Services	\$ 430,228	\$ 372,496	\$ 57,732	15.50%
Operating Grants & Contributions	1,293,406	1,120,001	173,405	15.48%
Capital Grants & Contributions	752,339	719,839	32,500	4.51%
General Revenue				
School District Assessment	18,020,925	16,508,422	1,512,503	9.16%
Unrestricted Grants and Contributions	4,902,582	5,072,898	(170,316)	-3.36%
Unrestricted Investment Income	12,682	12,970	(288)	-2.22%
Miscellaneous	57,506	122,973	(65,467)	-53.24%
Total Revenues	<u>\$ 25,469,668</u>	<u>\$ 23,929,599</u>	<u>\$ 1,540,069</u>	<u>6.44%</u>
Program Expenses				
Instruction	\$ 11,534,147	\$ 10,753,766	\$ 780,381	7.26%
Support Services:				
Student	930,212	951,101	(20,889)	-2.20%
Instructional Staff	1,203,741	1,140,439	63,302	5.55%
General Administration	80,232	75,641	4,591	6.07%
Executive Administration	581,753	572,440	9,313	1.63%
School Administration	818,144	795,700	22,444	2.82%
Operation and Maintenance of Plant	2,848,698	2,591,173	257,525	9.94%
Student Transportation	790,292	827,308	(37,016)	-4.47%
Other	5,322,826	5,660,734	(337,908)	-5.97%
Noninstructional Services	522,874	530,836	(7,962)	-1.50%
Interest on Long-Term Debt	514,766	578,808	(64,042)	-11.06%
Facilities Acquisition and Construction	-	131,892	(131,892)	-100.00%
Total Expenses	<u>25,147,685</u>	<u>24,609,838</u>	<u>537,847</u>	<u>2.19%</u>
Change in Net Position	321,983	(680,239)	1,002,222	147.33%
Net Position, beginning, as restated	<u>(3,725,106)</u>	<u>(3,044,867)</u>	<u>(680,239)</u>	<u>-22.34%</u>
Net Position, ending	<u>\$ (3,403,123)</u>	<u>\$ (3,725,106)</u>	<u>\$ 321,983</u>	<u>8.64%</u>

WINNACUNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018



WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

INDIVIDUAL FUND FINANCIAL ANALYSIS

General Fund

The general fund is what most people think of as “the budget” since it is the focal point of the First Session of Annual Meeting (Deliberative) and largely supported by locally raised taxes. The general fund ended the fiscal year with an unassigned fund balance of \$376,593.

The general fund is supported by \$18.02 million from local assessments, \$6.18 million from state sources, \$151 thousand from federal sources, and a \$82 thousand from other local sources. General fund expenditures are primarily for instruction (\$10.96 million), support services (\$11.44 million) and debt payments (\$1.97 million).

COMMENTS ON GENERAL FUND BUDGET COMPARISONS

- General fund actual revenues totaling \$24,436,559 exceeded budgeted revenues by \$90,000 or 0.37%.
 - **Local sources** totaling \$82,034 exceeded budget by \$21,682 due to an increase in interest earnings and miscellaneous revenue accounts.
 - **State sources** totaling \$6,182,135 exceeded budget by \$64,677 due to an increase in special education aid and other state aid.
 - **Federal sources** totaling \$151,465 slightly exceeded budget by \$3,641 due to an increase in Medicaid funding.
- General fund expenditures, including encumbrances to the subsequent year, totaling \$24,470,850 were less than appropriations totaling \$24,756,069, including encumbrances from the prior year, by \$285,219 (1.15%). Significant general fund budget variances occurred in these functions:
 - **Instruction** totaling \$10,964,917 was over budget by (\$246,970) due to costs in tuition and salary accounts.
 - **School Administration** totaling \$824,584 was over budget by (\$35,499) due to costs in rental equipment, phone, and salary accounts.
 - **Instructional staff services** totaling \$1,150,656 was under budget by \$52,268 due to savings in rental equipment, salary, technology, and resource officer accounts.
 - **Student transportation** totaling \$790,292 was under budget by \$62,786 due to savings in contracted, field trip, special education, and other transportation.
 - **Student** totaling \$925,379 was under budget by \$25,536 due to savings in salary and testing accounts.
 - **Other** totaling \$5,216,244 was under budget by \$414,032 due to savings in benefits.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2018, the District reported capital assets of \$26,612,647 (net of accumulated depreciation), which consist of a broad range of capital assets, including land & improvements, construction in progress, buildings & improvements, machinery and equipment. Additions in assets totaling \$341,129 during the year include:

HVAC	\$112,916
Exterior Doors	\$8,370
Library Partition	\$9,177
Camera Equipment	\$9,169
Soccer Goals	\$6,698
Dell Laptops and monitors 90	\$67,842
Chromebooks 325	\$80,437
iMacs 7	\$7,343
Epson Projectors	\$6,126
Furniture	\$8,750
Floor Burnisher	\$11,740
Dell Sonicwall	\$12,562

Winnacunnet Cooperative School District				
Governmental Activities				
Capital Assets				
Two Year Comparison				
	<u>Governmental Activities</u>		Increase	% Increase
	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Land	\$ 314,923	\$ 314,923	\$ -	0.00%
Building & Building Improvements	38,940,929	38,810,466	130,463	0.34%
Machinery, Equipment & Vehicles	<u>2,589,268</u>	<u>2,378,602</u>	<u>210,666</u>	<u>8.86%</u>
Total Historical Costs	41,845,120	41,503,991	341,129	0.82%
Total Accumulated Depreciation	<u>(15,232,473)</u>	<u>(14,006,817)</u>	<u>(1,225,656)</u>	<u>-8.75%</u>
Net Capital Assets	<u>\$ 26,612,647</u>	<u>\$ 27,497,174</u>	<u>\$ (884,527)</u>	<u>-3.22%</u>

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

Long-Term Debt

The table below illustrates the long-term debt of the District as of June 30, 2018. The District has a Bond for renovations and expansion of the facility. The compensated balances were calculated on vacation days for all eligible employees and sick days for those employees eligible for compensation at retirement. With the approval of GASB 75, all local governments are required to calculate the costs associated with post-employment benefits. Note 12 provides a summary calculation of the net OPEB obligation. In accordance with GASB 68, the calculated value of the unfunded state retirement assigned to the District for FY 2018 is noted, Note 11.

Winnacunnet Cooperative School District				
Governmental Activities				
Long Term Debt				
Two Year Comparison				
	<u>Governmental Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>Increase</u>	<u>% Increase</u>
		<u>(as restated)</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
General Obligation Bonds	\$ 12,195,320	\$ 13,626,080	\$ (1,430,760)	-10.50%
Capital Lease	29,637	51,896	(22,259)	-42.89%
Compensated Absences	596,026	542,531	53,495	9.86%
Other Postemployment Benefits	3,261,535	3,448,281	(186,746)	-5.42%
Net Pension Liability	<u>17,627,233</u>	<u>19,717,329</u>	<u>(2,090,096)</u>	<u>-10.60%</u>
Total Long Term Debt	<u>\$ 33,709,751</u>	<u>\$ 37,386,117</u>	<u>\$ (3,676,366)</u>	<u>-9.83%</u>

FUTURE BUDGETARY IMPLICATIONS

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

- The State shifting cost responsibilities to local governments may have an impact on taxation calculations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens and creditors with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about the report or would like to request additional information, contact Matthew Ferreira, Business Administrator for SAU #21 located at 2 Alumni Drive, Hampton, New Hampshire 03842, via phone at 603-926-8992 ext. 107 or email mferreira@sau21.org.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 783,167
Investments	34,834
Accounts receivable	21,569
Intergovernmental receivable	490,814
Inventory	6,253
Prepaid items	11,654
Capital assets, not being depreciated	314,923
Capital assets, net of accumulated depreciation	<u>26,297,724</u>
Total assets	<u>27,960,938</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	3,759,924
Amounts related to other postemployment benefits	<u>154,800</u>
Total deferred outflows of resources	<u>3,914,724</u>
LIABILITIES	
Accounts payable	262,308
Accrued salaries and benefits	25,093
Accrued interest payable	192,800
Noncurrent obligations:	
Due within one year	1,519,825
Due in more than one year	<u>32,189,926</u>
Total liabilities	<u>34,189,952</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - district assessment	14,577
Amounts related to pensions	1,030,415
Amounts related to other postemployment benefits	<u>43,841</u>
Total deferred inflows of resources	<u>1,088,833</u>
NET POSITION	
Net investment in capital assets	14,387,690
Restricted	4,786
Unrestricted	<u>(17,795,599)</u>
Total net position	<u><u>\$ (3,403,123)</u></u>

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

EXHIBIT B
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 11,534,147	\$ 19,554	\$ 1,121,425	\$ -	\$ (10,393,168)
Support services:					
Student	930,212	-	5,708	-	(924,504)
Instructional staff	1,203,741	-	49,299	-	(1,154,442)
General administration	80,232	-	9,493	-	(70,739)
Executive administration	581,753	-	-	-	(581,753)
School administration	818,144	-	-	-	(818,144)
Operation and maintenance of plant	2,848,698	-	-	-	(2,848,698)
Student transportation	790,292	-	-	-	(790,292)
Other	5,322,826	-	-	-	(5,322,826)
Noninstructional services	522,874	410,674	107,481	-	(4,719)
Interest on long-term debt	514,766	-	-	752,339	237,573
Total governmental activities	<u>\$ 25,147,685</u>	<u>\$ 430,228</u>	<u>\$ 1,293,406</u>	<u>\$ 752,339</u>	<u>(22,671,712)</u>
General revenues:					
School district assessment					18,020,925
Grants and contributions not restricted to specific programs					4,902,582
Interest					12,682
Miscellaneous					57,506
Total general revenues					<u>22,993,695</u>
Change in net position					321,983
Net position, beginning, as restated (see Note 16)					<u>(3,725,106)</u>
Net position, ending					<u>\$ (3,403,123)</u>

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

EXHIBIT C-1
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2018

	General	Grants	Other Governmental Fund (Food Service)	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 782,967	\$ -	\$ 200	\$ 783,167
Investments	34,834	-	-	34,834
Accounts receivable	21,569	-	-	21,569
Intergovernmental receivable	424,370	61,959	4,485	490,814
Interfund receivable	60,120	-	1,687	61,807
Inventory	-	-	6,253	6,253
Prepaid items	11,654	-	-	11,654
Total assets	<u>\$ 1,335,514</u>	<u>\$ 61,959</u>	<u>\$ 12,625</u>	<u>\$ 1,410,098</u>
LIABILITIES				
Accounts payable	\$ 249,623	\$ 152	\$ 12,533	\$ 262,308
Accrued salaries and benefits	25,001	-	92	25,093
Interfund payable	-	61,807	-	61,807
Total liabilities	<u>274,624</u>	<u>61,959</u>	<u>12,625</u>	<u>349,208</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - district assessment	<u>14,577</u>	<u>-</u>	<u>-</u>	<u>14,577</u>
FUND BALANCES (DEFICIT)				
Nonspendable	11,654	-	6,253	17,907
Restricted	4,786	-	-	4,786
Committed	629,753	-	-	629,753
Assigned	23,527	-	-	23,527
Unassigned (deficit)	376,593	-	(6,253)	370,340
Total fund balances	<u>1,046,313</u>	<u>-</u>	<u>-</u>	<u>1,046,313</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,335,514</u>	<u>\$ 61,959</u>	<u>\$ 12,625</u>	<u>\$ 1,410,098</u>

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

EXHIBIT C-2
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2018

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,046,313
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	\$ 41,845,120	
Less accumulated depreciation	<u>(15,232,473)</u>	26,612,647
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	\$ 3,759,924	
Deferred inflows of resources related to pensions	(1,030,415)	
Deferred outflows of resources related to OPEB	154,800	
Deferred inflows of resources related to OPEB	<u>(43,841)</u>	2,840,468
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (61,807)	
Payables	<u>61,807</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(192,800)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond	\$ (11,875,000)	
Unamortized bond premium	(320,320)	
Capital leases	(29,637)	
Compensated absences	(596,026)	
Other postemployment benefits	(3,261,535)	
Net pension liability	<u>(17,627,233)</u>	<u>(33,709,751)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (3,403,123)</u></u>

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

EXHIBIT C-3
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General	Grants	Other Governmental Fund (Food Service)	Total Governmental Funds
REVENUES				
School district assessment	\$ 18,020,925	\$ -	\$ -	\$ 18,020,925
Other local	89,742	-	410,674	500,416
State	6,182,135	61,777	3,749	6,247,661
Federal	151,465	445,469	103,732	700,666
Total revenues	<u>24,444,267</u>	<u>507,246</u>	<u>518,155</u>	<u>25,469,668</u>
EXPENDITURES				
Current:				
Instruction	10,963,692	442,746	-	11,406,438
Support services:				
Student	925,379	5,708	-	931,087
Instructional staff	1,149,893	49,299	-	1,199,192
General administration	70,724	9,493	-	80,217
Executive administration	581,759	-	-	581,759
School administration	820,909	-	-	820,909
Operation and maintenance of plant	1,914,305	-	-	1,914,305
Student transportation	790,292	-	-	790,292
Other	5,216,603	-	-	5,216,603
Noninstructional services	-	-	522,874	522,874
Debt service:				
Principal	1,385,000	-	-	1,385,000
Interest	586,659	-	-	586,659
Facilities acquisition and construction	112,916	-	-	112,916
Total expenditures	<u>24,518,131</u>	<u>507,246</u>	<u>522,874</u>	<u>25,548,251</u>
Deficiency of revenues under expenditures	<u>(73,864)</u>	<u>-</u>	<u>(4,719)</u>	<u>(78,583)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	4,719	4,719
Transfers out	(4,719)	-	-	(4,719)
Total other financing sources (uses)	<u>(4,719)</u>	<u>-</u>	<u>4,719</u>	<u>-</u>
Net change in fund balances	(78,583)	-	-	(78,583)
Fund balances, beginning	1,124,896	-	-	1,124,896
Fund balances, ending	<u>\$ 1,046,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,313</u>

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

EXHIBIT C-4
WINNACUNNET COOPERATIVE 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, 2018

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ (78,583)
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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 341,129	
Depreciation expense	<u>(1,225,656)</u>	(884,527)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (4,719)	
Transfers out	<u>4,719</u>	-
Proceeds from issuing long-term liabilities provide current financial resources to Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayment of bond	\$ 1,385,000	
Amortization of bond premium	45,760	
Principal repayment of capital leases	<u>22,259</u>	1,453,019
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 26,133	
Increase in compensated absences payable	(53,495)	
Decrease in other postemployment benefits	186,746	
Increase in deferred outflows and inflows of resources related to other postemployment benefits	(147,910)	
Increase in net pension liability and deferred outflows and inflows of resources related to pensions	<u>(179,400)</u>	(167,926)
Change in net position of governmental activities (Exhibit B)		<u>\$ 321,983</u>

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

EXHIBIT D
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
School district assessment	\$ 18,020,925	\$ 18,020,925	\$ 18,020,925	\$ -
Other local	60,352	60,352	82,034	21,682
State	6,117,458	6,117,458	6,182,135	64,677
Federal	100,000	147,824	151,465	3,641
Total revenues	<u>24,298,735</u>	<u>24,346,559</u>	<u>24,436,559</u>	<u>90,000</u>
EXPENDITURES				
Current:				
Instruction	10,570,123	10,717,947	10,964,917	(246,970)
Support services:				
Student	950,915	950,915	925,379	25,536
Instructional staff	1,202,924	1,202,924	1,150,656	52,268
General administration	68,555	68,555	70,724	(2,169)
Executive administration	581,759	581,759	581,759	-
School administration	789,085	789,085	824,584	(35,499)
Operation and maintenance of plant	1,893,192	1,893,192	1,877,957	15,235
Student transportation	853,078	853,078	790,292	62,786
Other	5,630,276	5,630,276	5,216,244	414,032
Debt service:				
Principal	1,385,000	1,385,000	1,385,000	-
Interest	586,659	586,659	586,659	-
Facilities acquisition and construction	96,679	96,679	96,679	-
Total expenditures	<u>24,608,245</u>	<u>24,756,069</u>	<u>24,470,850</u>	<u>285,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(309,510)</u>	<u>(409,510)</u>	<u>(34,291)</u>	<u>375,219</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100,000	100,000	-
Transfers out	(331,071)	(331,071)	(154,719)	176,352
Total other financing sources (uses)	<u>(331,071)</u>	<u>(231,071)</u>	<u>(54,719)</u>	<u>176,352</u>
Net change in fund balance	<u>\$ (640,581)</u>	<u>\$ (640,581)</u>	(89,010)	<u>\$ 551,571</u>
Decrease in restricted fund balance			23	
Increase in committed fund balance			(25,000)	
Unassigned fund balance, beginning			490,580	
Unassigned fund balance, ending			<u>\$ 376,593</u>	

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

EXHIBIT E
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2018

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	<u>\$ 120,408</u>
LIABILITIES	
Due to student groups	<u>\$ 120,408</u>

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

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity.....	1-A
Government-wide and Fund Financial Statements	1-B
Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	1-C
Cash and Cash Equivalents	1-D
Investments	1-E
Receivables	1-F
Inventory	1-G
Prepaid Items	1-H
Capital Assets	1-I
Interfund Activities	1-J
Accounts Payable.....	1-K
Deferred Outflows/Inflows of Resources.....	1-L
Long-term Obligations.....	1-M
Compensated Absences	1-N
Defined Benefit Pension Plan	1-O
Postemployment Benefits Other Than Pensions (OPEB)	1-P
Net Position/Fund Balances	1-Q
Use of Estimates	1-R
Stewardship, Compliance, and Accountability	2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Accounting Change/Restatement	2-C

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Investments	4
Receivables	5
Capital Assets	6
Interfund Balances and Transfers	7
Deferred Outflows/Inflows of Resources	8
Capital Lease Obligations	9
Long-term Liabilities	10
Defined Benefit Pension Plan	11
Postemployment Benefits Other Than Pensions (OPEB)	12
New Hampshire Retirement System (NHRS).....	12-A
Retiree Health Benefit Program	12-B
Encumbrances	13
Governmental Activities Net Position	14
Governmental Fund Balances	15
Prior Period Adjustment	16
Risk Management	17
Subsequent Events	18

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Winnacunnet Cooperative School District, in Hampton, 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.

In 2018 the School District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which changed the way other postemployment benefit (OPEB) liabilities and related expenses are recorded. See Note 2-C for further information on this pronouncement.

1-A Reporting Entity

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

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

1-B Government-wide and Fund Financial Statements

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. 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 the outstanding bond. Capital outlay includes expenditures for equipment, real property, or infrastructure.

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

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

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

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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

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

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

The School District reports the following major governmental funds:

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

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

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

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a Statement of Net Position. These funds account for resources held by the School District for the benefit of other parties and include the agency funds. Fiduciary funds are accounted for on the accrual basis of accounting but do not have a measurement focus.

1-D Cash and Cash Equivalents

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds.

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 Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the School District to invest in the following type of obligations:

- Obligations of the United States government;
- The public deposit investment pool established pursuant to RSA 383:22;

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

- Savings bank deposits; and Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the School District. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Fair Value Measurement of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using the net asset value (NAV) as a practical expedient to estimate fair value, the School District categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets and liabilities that the School District has the ability to access at the measurement date. The School District held no Level 1 investments as of June 30, 2018.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. The School District's deposits with the New Hampshire Public Deposit Investment Pool (NHPDIP) are considered Level 2 investments.

Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative financial instruments. The School District held no Level 3 investments as of June 30, 2018.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level of the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the School District and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified as Level 1. Corporate fixed income securities and certain government securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair value for shares in registered mutual funds and exchange traded funds are based on published share prices and classified in Level 1.

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the School District held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized in Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the School District in accordance with the NHPDIP's information statement.

1-F 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-G Inventory

The inventories of the School District are valued at cost (first-in, first-out), which approximates market. The inventories of the School District's nonmajor food service fund consist of materials and supplies held for subsequent use. The cost of these inventories is expended when consumed rather than when purchased.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and governmental fund financial statements and expensed as the items are used.

1-I Capital Assets

Capital assets are defined by the School District as assets with an initial individual cost of \$5,000 or more, and \$100,000 for infrastructure, and an estimated life in excess of five years. Capital assets include property, plant, and equipment, infrastructure assets (e.g. sidewalks, drainage, and similar items) and are reported in governmental activities.

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

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

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

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

Capital Asset Class:	<u>Years</u>
Buildings and building improvements	15-80
Machinery, equipment, and vehicles	5-15

1-J 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). 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-K 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, 2018.

1-L 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.

1-M Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums are deferred and amortized over the life of the bond using the straight-line method.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

1-N Compensated Absences

The School District's policy allows certain employees to earn varying amounts of vacation and sick leave, and vested stipend benefits based on the employee's length of employment. Upon retirement or termination of employment, employees are paid in full for any accrued leave earned as set forth by personnel policy.

An expense and a liability for vacation and sick leave, vested stipend benefits, and salary-related payments are accrued as the leave is earned in the government-wide financial statements. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used.

1-O 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-P 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 and payable in accordance with benefit terms.

1-Q Net Position/Fund Balances

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

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of the bond and capital leases that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future period.

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.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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 are 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.

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

Committed – 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-R Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable and the useful lives 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 and nonmajor food service funds. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

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

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

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2018, \$490,581 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$150,000 was appropriated to fund the School District's capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

The School District employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 24,536,559
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
To remove transfer from the blended expendable trust fund to the general fund	(100,000)
Other State and local revenue of the blended funds	7,708
Per Exhibit C-3 (GAAP Basis)	<u>\$ 24,444,267</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 24,625,569
Adjustments:	
Basis difference:	
Encumbrances, beginning	114,296
Encumbrances, ending	(67,015)
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust fund	(150,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 24,522,850</u>

2-C Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, deferred inflows and outflows of resources as follows:

	Local OPEB	State OPEB	Total OPEB
Change in total OPEB liability under current standards, July 1	\$(1,004,043)	\$(2,206,405)	\$(3,210,448)
Initial balance of deferred outflows of resources	-	258,869	258,869
Cumulative restatement related to GASB No. 75 implementation (see Note 16)	<u>\$(1,004,043)</u>	<u>\$(1,947,536)</u>	<u>\$(2,951,579)</u>

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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 \$903,575 and the bank balances totaled \$960,519. Petty cash totaled \$400.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 783,167
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	<u>120,408</u>
Total cash and cash equivalents	<u><u>\$ 903,575</u></u>

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the School District funds. The School District holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the School District’s mission, the School District determines that the disclosures related to these investments only need to be disaggregated by major type. The School District investment at June 30, 2018 were \$34,834. These investments, held in NHPDIP, are reported at fair value, and are categorized as Level 2 investments within the fair value hierarchy established by generally accepted accounting principles.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2018, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of Hampton, Trustees of the Trust Funds, and other miscellaneous amounts. Receivables are recorded on the School District’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 314,923	\$ -	\$ 314,923
Being depreciated:			
Buildings and building improvements	38,810,466	130,463	38,940,929
Machinery, equipment, and vehicles	2,378,602	210,666	2,589,268
Total capital assets being depreciated	<u>41,189,068</u>	<u>341,129</u>	<u>41,530,197</u>
Total capital assets	<u>41,503,991</u>	<u>341,129</u>	<u>41,845,120</u>
Less accumulated depreciation:			
Buildings and building improvements	(12,349,986)	(938,743)	(13,288,729)
Machinery, equipment, and vehicles	(1,656,831)	(286,913)	(1,943,744)
Total accumulated depreciation	<u>(14,006,817)</u>	<u>(1,225,656)</u>	<u>(15,232,473)</u>
Net book value, capital assets being depreciated	<u>27,182,251</u>	<u>(884,527)</u>	<u>26,297,724</u>
Net book value, all capital assets	<u><u>\$ 27,497,174</u></u>	<u><u>\$ (884,527)</u></u>	<u><u>\$ 26,612,647</u></u>

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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	\$ 234,154
Support services:	
Operation and maintenance of plant	991,502
Total depreciation expense	\$ 1,225,656

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 60,120
Nonmajor food service		1,687
		\$ 61,807

The interfund transfer in the amount of \$4,719 during the year ended June 30, 2018 was made from the general fund to the nonmajor food service fund to cover the operating deficit.

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

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred inflows of resources reported in the governmental activities and governmental funds for unavailable revenues of \$14,577 are School District assessments paid in advance.

See Notes 11 and 12 for further information on pension and OPEB related deferrals.

NOTE 9 – CAPITAL LEASE OBLIGATIONS

The School District has entered into capital lease agreements under which the related equipment will become the property of the School District when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2018
Capital lease obligations:		
Toro Sand Pro	3.76%	\$ 6,733
Eaton Blade	4.07%	22,904
Total capital lease obligations		\$ 29,637

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Toro Sand Pro	\$ 20,208
Eaton Blade	38,215
Total equipment	58,423
Less: accumulated depreciation	(23,369)
Total capital lease equipment	\$ 35,054

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

The annual requirements to amortize the capital leases payable as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2019	\$ 15,250
2020	8,265
2021	8,265
Total requirements	31,780
Less: interest	(2,143)
Present value of remaining payments	<u>\$ 29,637</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 10 – LONG-TERM LIABILITIES

Changes in the School District’s long-term liabilities consisted of the following for the year ended June 30, 2018:

	Balance July 1, 2017 (as restated)	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Bond payable:					
General obligation bond	\$13,260,000	\$ -	\$ (1,385,000)	\$ 11,875,000	\$ 1,460,000
Premium	366,080	-	(45,760)	320,320	45,760
Total bond payable	13,626,080	-	(1,430,760)	12,195,320	1,505,760
Capital leases	51,896	-	(22,259)	29,637	14,065
Compensated absences	542,531	53,495	-	596,026	-
Net other postemployment benefits	3,448,281	-	(186,746)	3,261,535	-
Pension related liability	19,717,329	-	(2,090,096)	17,627,233	-
Total long-term liabilities	<u>\$37,386,117</u>	<u>\$ 53,495</u>	<u>\$ (3,729,861)</u>	<u>\$ 33,709,751</u>	<u>\$ 1,519,825</u>

The long-term bond is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2018
General obligation bond payable:					
School addition	\$25,484,800	2005	2025	3.0-5.0%	<u>\$ 11,875,000</u>

The annual requirements to amortize the general obligation bond outstanding as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,460,000	\$ 515,534	\$ 1,975,534
2020	1,530,000	442,696	1,972,696
2021	1,605,000	363,932	1,968,932
2022	1,685,000	283,688	1,968,688
2023	1,770,000	197,313	1,967,313
2024-2025	3,825,000	124,626	3,949,626
Totals	<u>\$ 11,875,000</u>	<u>\$ 1,927,789</u>	<u>\$ 13,802,789</u>

All debt is general obligation debt of the School District, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

NOTE 11 – 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.

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 2018, the School District contributed 15.70% for teachers and 11.08% for other employees. The contribution requirement for the fiscal year 2018 was \$1,313,060, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the School District reported a liability of \$17,627,233 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the School District's proportion was 0.35842332% which was a decrease of 0.01237077% from its proportion measured as of June 30, 2016.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

For the year ended June 30, 2018, the School District recognized pension expense of \$1,814,684. At June 30, 2018, 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	\$ 314,669	\$ 581,579
Net difference between projected and actual investment earnings on pension plan investments	-	224,492
Changes in assumptions	1,770,007	-
Differences between expected and actual experience	39,968	224,344
Contributions subsequent to the measurement date	1,635,280	-
Total	\$ 3,759,924	\$ 1,030,415

The \$1,635,280 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, 2019. 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,	
2018	\$ 269,323
2019	689,058
2020	525,169
2021	(389,321)
Totals	\$ 1,094,229

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2016, rolled forward to June 30, 2017, using the following assumptions:

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

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

The actuarial assumptions used in the June 30, 2016 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.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Following is a table presenting target allocations and long-term rates of return for 2017:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2017
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%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.75%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	7.00%	1.26%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.84%
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, 2017	<u>\$23,222,995</u>	<u>\$ 17,627,233</u>	<u>\$13,041,728</u>

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-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 2017 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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 2017, 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 2018, the School District contributed 1.66% for teachers and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$258,870, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2018, the School District reported a liability of \$1,997,030 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, 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, 2017, the School District’s proportion was 0.43676336% which was a decrease of 0.01900627% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of \$83,447. At June 30, 2018, 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	\$ -	\$ 27,649
Net difference between projected and actual investment earnings on OPEB plan investments	-	6,302
Contributions subsequent to the measurement date	154,800	-
Total	\$ 154,800	\$ 33,951

The \$154,800 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, 2019.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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,	
2018	\$ (29,224)
2019	(1,575)
2020	(1,575)
2021	<u>(1,577)</u>
Totals	<u><u>\$ (33,951)</u></u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2016 and a measurement date of June 30, 2017. 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, 2016 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. Following is a table presenting target allocations and long-term rates of return for 2017:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2017</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	<u>7.50%</u>	4.50%
Total domestic equities	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	<u>7.00%</u>	6.25%
Total international equity	<u>20.00%</u>	
Core Bonds	5.00%	0.75%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	<u>7.00%</u>	1.26%
Total fixed income	<u>25.00%</u>	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	<u>5.00%</u>	2.84%
Total alternative investments	<u>15.00%</u>	
Real estate	<u>10.00%</u>	3.25%
Total	<u><u>100.00%</u></u>	

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2017 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, 2017	<u>\$ 2,173,363</u>	<u>\$ 1,997,030</u>	<u>\$ 1,844,252</u>

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.

12-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.

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	14
Active employees	<u>165</u>
Total participants covered by OPEB plan	<u>179</u>

Total OPEB Liability – The School District’s total OPEB liability of \$1,264,505 was measured as of July 1, 2017, and was determined by an actuarial valuation of that date.

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$1,264,505 in the July 1, 2017, 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:	3.87%
Healthcare Cost Trend Rates:	
Current Year Trend	8.00%
Second Year Trend	7.50%
Decrement	0.50%
Ultimate Trend	3.80%
Year Ultimate Trend is Reached	2075
Salary Increases:	2.60%

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 RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

	<u>June 30, 2018</u>
Total OPEB liability beginning of year, as restated	\$ 1,241,876
Changes for the year:	
Service cost	62,362
Interest	45,385
Changes in benefit terms	(72,984)
Assumption changes and difference between actual and expected experience	(12,134)
Total OPEB liability end of year	<u>\$ 1,264,505</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 3.87%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$1,172,986 or by 7.24%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,363,389 or by 7.82%.

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline 3.87%</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 1,363,389</u>	<u>\$ 1,264,505</u>	<u>\$ 1,172,986</u>

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 4.80%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,421,640 or by 12.43%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$1,130,353 or by 10.61%.

	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Baseline 4.80%</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 1,130,353</u>	<u>\$ 1,264,505</u>	<u>\$ 1,421,640</u>

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the School District recognized OPEB expense of \$105,504. At June 30, 2018, the School District reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u>
	<u>Inflows of</u>
	<u>Resources</u>
Changes in assumptions	<u>\$ 9,890</u>

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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,	
2018	\$ (1,757)
2019	(1,757)
2020	(1,757)
2021	(1,757)
2022	(1,757)
Thereafter	(1,105)
Totals	<u><u>\$ (9,890)</u></u>

NOTE 13 – ENCUMBRANCES

Encumbrances outstanding at June 30, 2018 are as follows:

Current:	
Instruction:	
Other	\$ 1,225
Support services:	
Instructional staff	763
School administration	3,675
Operation and maintenance of plant	17,864
Total support services	<u>22,302</u>
Facilities acquisition and construction	<u>43,488</u>
Total encumbrances	<u><u>\$ 67,015</u></u>

NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2018 include the following:

Net investment in capital assets:	
Net book value of all capital assets	\$ 26,612,647
Less:	
General obligation bond payable	(11,875,000)
Unamortized bond premium	(320,320)
Capital leases payable	<u>(29,637)</u>
Total net investment in capital assets	14,387,690
Restricted for donations	4,786
Unrestricted	<u>(17,795,599)</u>
Total net position	<u><u>\$ (3,403,123)</u></u>

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2018 consist of the following:

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Nonspendable:			
Prepaid	\$ 11,654	\$ -	\$ 11,654
Inventory	-	6,253	6,253
Total nonspendable fund balance	<u>11,654</u>	<u>6,253</u>	<u>17,907</u>

(Continued)

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Governmental fund balances continued:

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Restricted:			
Donations	4,786	-	4,786
Committed:			
Expendable trust	411,265	-	411,265
Voted appropriations - March 2018	175,000	-	175,000
Nonlapsing appropriation - March 2017	43,488	-	43,488
Total committed fund balance	<u>629,753</u>	<u>-</u>	<u>629,753</u>
Assigned:			
Encumbrances	23,527	-	23,527
Unassigned (deficit)	<u>376,593</u>	<u>(6,253)</u>	<u>370,340</u>
Total governmental fund balances	<u>\$ 1,046,313</u>	<u>\$ -</u>	<u>\$ 1,046,313</u>

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Net position at July 1, 2017 was restated for the following:

	Government-wide Statements
To restate for the cumulative changes related to implementation of GASB No. 75, see Note 2-C	\$ (2,951,579)
Net position, as previously reported	<u>(773,527)</u>
Net position, as restated	<u>\$ (3,725,106)</u>

NOTE 17 – 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 2018, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2017 to June 30, 2018 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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 18 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through March 4, 2019, the date the June 30, 2018 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	2014	2015	June 30, 2016	2017	2018
School District's proportion of the net pension liability	0.36%	0.37%	0.36%	0.37%	0.36%
School District's proportionate share of the net pension liability	\$15,682,006	\$13,809,561	\$14,262,347	\$19,717,329	\$17,627,233
School District's covered payroll	\$10,182,284	\$10,305,869	\$10,332,831	\$10,625,024	\$11,027,003
School District's proportionate share of the net pension liability as a percentage of its covered payroll	154.01%	134.00%	138.03%	185.57%	159.86%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%

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

EXHIBIT G
WINNACUNNET COOPERATIVE 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, 2018

	June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 906,037	\$ 1,193,563	\$ 1,207,829	\$ 1,327,736	\$ 1,313,060
Contributions in relation to the contractually required contributions	906,037	1,193,563	1,207,829	1,327,736	1,313,060
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 10,182,284	\$ 10,305,869	\$ 10,332,831	\$ 10,625,024	\$ 11,027,003
Contributions as a percentage of covered payroll	8.90%	11.58%	11.69%	12.50%	11.91%

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

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

***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, 2018. 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 2017:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	22 years beginning July 1, 2017 (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	3.56% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

Other Information:

Notes Contribution rates for Fiscal Year 2017 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.

EXHIBIT H
WINNACUNNET COOPERATIVE 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, 2018

	June 30,	
	2017	2018
School District's proportion of the net OPEB liability	0.46%	0.44%
School District's proportionate share of the net OPEB liability	\$ 2,206,405	\$ 1,997,030
School District's covered payroll	\$ 10,625,024	\$ 11,027,003
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	20.77%	18.11%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%

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

EXHIBIT I
WINNACUNNET COOPERATIVE 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, 2018

	June 30,	
	2017	2018
Contractually required contribution	\$ 264,830	\$ 258,870
Contributions in relation to the contractually required contribution	<u>264,830</u>	<u>258,870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 10,625,024</u>	<u>\$ 11,027,003</u>
Contributions as a percentage of covered payroll	2.49%	2.35%

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

EXHIBIT J
WINNACUNNET COOPERATIVE 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, 2018

	June 30,
	2018
OPEB liability, beginning of year	\$ 1,241,876
Changes for the year:	
Service cost	62,362
Interest	45,385
Changes to benefit terms	(72,984)
Assumption changes and difference between actual and expected experience	(12,134)
OPEB liability, end of year	\$ 1,264,505
Covered payroll	\$ 10,739,565
Total OPEB liability as a percentage of covered payroll	11.77%

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

WINNACUNNET COOPERATIVE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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, 2018. 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	3.56% 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, 2018. 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
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 18,020,925	\$ 18,020,925	\$ -
Other local sources:			
Tuition	7,800	9,045	1,245
Investment earnings	750	4,974	4,224
Student activities	28,500	22,209	(6,291)
Miscellaneous	23,302	45,806	22,504
Total from other local sources	<u>60,352</u>	<u>82,034</u>	<u>21,682</u>
State sources:			
Adequacy aid (grant)	400,869	400,680	(189)
Adequacy aid (tax)	4,496,691	4,496,691	-
School building aid	752,339	752,339	-
Catastrophic aid	452,559	511,962	59,403
Vocational aid	15,000	15,252	252
Other state aid	-	5,211	5,211
Total from state sources	<u>6,117,458</u>	<u>6,182,135</u>	<u>64,677</u>
Federal sources:			
Medicaid	100,000	103,641	3,641
ROTC	47,824	47,824	-
Total from federal sources	<u>147,824</u>	<u>151,465</u>	<u>3,641</u>
Other financing sources:			
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total revenues and other financing sources	24,446,559	<u>\$ 24,536,559</u>	<u>\$ 90,000</u>
Use of fund balance to reduce school district assessment	490,581		
Use of fund balance - appropriated	150,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 25,087,140</u>		

SCHEDULE 2
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 6,472,421	\$ 6,364,129	\$ -	\$ 108,292
Special programs	-	3,178,291	3,424,591	-	(246,300)
Vocational programs	-	170,457	199,578	-	(29,121)
Adult and community programs	-	104,015	109,913	-	(5,898)
Other	-	792,763	865,481	1,225	(73,943)
Total instruction	-	10,717,947	10,963,692	1,225	(246,970)
Support services:					
Student	-	950,915	925,379	-	25,536
Instructional staff	-	1,202,924	1,149,893	763	52,268
General administration	-	68,555	70,724	-	(2,169)
Executive administration	-	581,759	581,759	-	-
School administration	-	789,085	820,909	3,675	(35,499)
Operation and maintenance of plant	54,212	1,893,192	1,914,305	17,864	15,235
Student transportation	-	853,078	790,292	-	62,786
Other	359	5,630,276	5,216,603	-	414,032
Total support services	54,571	11,969,784	11,469,864	22,302	532,189
Debt service:					
Principal of long-term debt	-	1,385,000	1,385,000	-	-
Interest on long-term debt	-	586,659	586,659	-	-
Total debt service	-	1,971,659	1,971,659	-	-
Facilities acquisition and construction	59,725	96,679	112,916	43,488	-
Other financing uses:					
Transfers out	-	331,071	154,719	-	176,352
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 114,296	\$ 25,087,140	\$ 24,672,850	\$ 67,015	\$ 461,571

SCHEDULE 3
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

Unassigned fund balance, beginning		\$ 490,580
Changes:		
Unassigned fund balance used to reduce school district assessment		(490,581)
Unassigned fund balance appropriated for use in 2018-2019		(150,000)
2017-2018 Budget summary:		
Revenue surplus (Schedule 1)	\$ 90,000	
Unexpended balance of appropriations (Schedule 2)	<u>461,571</u>	
2017-2018 Budget surplus		551,571
Decrease in restricted fund balance		23
Increase in committed fund balance		<u>(25,000)</u>
Unassigned fund balance, ending		<u><u>\$ 376,593</u></u>

SCHEDULE 4
WINNACUNNET COOPERATIVE SCHOOL DISTRICT
Winnacunnet Cooperative High School Student Activities Funds
Combining Schedule of Changes in Student Activities Funds
For the Fiscal Year Ended June 30, 2018

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
Schools:				
Winnacunnet High	\$ 130,894	\$ 286,524	\$ 297,448	\$ 119,970
Winnacunnet Adult Education	313	553	428	438
Totals	<u>\$ 131,207</u>	<u>\$ 287,077</u>	<u>\$ 297,876</u>	<u>\$ 120,408</u>