

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT

Financial Statements

June 30, 2016

and

Independent Auditor's Report

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2016

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	i-v
BASIC FINANCIAL STATEMENTS	
EXHIBITS:	
A Statement of Net Position	1
B Statement of Activities	2
C Balance Sheet – Governmental Funds	3
C-1 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
D Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
D-1 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
E Statement of Fiduciary Net Position – Fiduciary Funds	7
NOTES TO BASIC FINANCIAL STATEMENTS	8-25
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES:	
1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	26
2 Schedule of Funding Progress for Other Post-Employment Benefits	27
3 Schedule of Changes in the District's Proportionate Share of the Net Pension Liability	28
4 Schedule of District Contributions	29
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	30-31

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2016**

TABLE OF CONTENTS (CONTINUED)

SUPPLEMENTAL SCHEDULES

SCHEDULES:

A	Combining Balance Sheet – Governmental Funds – All Nonmajor Funds	32
B	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Funds	33

INDEPENDENT AUDITOR'S REPORT

To the School Board
Hinsdale, New Hampshire School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hinsdale, New Hampshire School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hinsdale, New Hampshire School District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of funding progress for other post-employment benefits, schedule of changes in the District's proportionate share of the net pension liability, and schedule of District contributions, on pages i-v and 26-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hinsdale, New Hampshire School District's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements 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 nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vachon Chikay & Company PC

Manchester, New Hampshire
February 13, 2017

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2016**

Presented herewith please find the Management Discussion & Analysis Report for the Hinsdale School District for the fiscal year ending June 30, 2016. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the District's financial position, and the results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an accurate understanding of the District's financial activities have been included.

The School District Administration is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the District are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Hinsdale School District using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to Hinsdale School District's financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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 District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2016**

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

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

The District maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund, which is the District's sole major fund.

The District adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

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

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Government-Wide Financial Analysis

Statement of Net Position

The table below provides a summary of the District's net position for the years ended June 30, 2016 and 2015:

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2016**

	<u>FY 2016</u>	<u>FY 2015</u>
Capital and other assets:		
Capital assets, net	\$ 12,573,111	\$ 13,006,041
Other assets	<u>2,155,015</u>	<u>2,127,961</u>
Total Assets	<u>14,728,126</u>	<u>15,134,002</u>
Deferred Outflows of Resources:		
Deferred outflows related to pension	<u>531,970</u>	<u>494,409</u>
Total Deferred Outflows of Resources	<u>531,970</u>	<u>494,409</u>
Long-term and other liabilities:		
Bonds payable	6,628,124	7,305,628
Capital leases payable	9,480	13,356
Lump-sum retirement payable	177,740	147,923
Other post-employment benefits	313,520	249,518
Net pension liability	5,838,101	5,608,280
Other liabilities	<u>955,679</u>	<u>840,844</u>
Total Liabilities	<u>13,922,644</u>	<u>14,165,549</u>
Deferred Inflows of Resources		
Taxes collected in advance	350,000	
Deferred inflows related to pension	<u>457,988</u>	<u>849,701</u>
Total Deferred Inflows of Resources	<u>807,988</u>	<u>849,701</u>
Net Position:		
Net investment in capital assets	5,935,507	5,687,057
Restricted	16,340	7,562
Unrestricted	<u>(5,422,383)</u>	<u>(5,081,458)</u>
Total Net Position	<u>\$ 529,464</u>	<u>\$ 613,161</u>

Statement of Activities

Changes in net position for the fiscal years ended June 30, 2016 and 2015 are as follows:

	<u>FY 2016</u>	<u>FY 2015</u>
Program revenues:		
Charges for services	\$ 233,902	\$ 233,861
Operating grants and contributions	946,024	954,017
Capital grants and contributions	<u>462,803</u>	<u>462,803</u>
Total Program revenues	<u>1,642,729</u>	<u>1,650,681</u>
General revenues:		
Property taxes	5,327,943	5,502,723
State adequacy grant	4,201,953	4,189,810
Interest and investment income	26,008	(5,471)
Miscellaneous	<u>171,926</u>	<u>251,658</u>
Total General revenues	<u>9,727,830</u>	<u>9,938,720</u>
Total Revenues	<u>11,370,559</u>	<u>11,589,401</u>

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2016**

Expenses:		
Instruction	5,656,231	5,586,619
Supporting services	1,024,060	974,764
Instructional staff services	207,245	202,699
General administration	1,872,473	1,839,201
Operation and maintenance of plant	1,801,473	1,471,420
Pupil transportation	362,267	399,434
Food service	275,366	273,925
Other miscellaneous	4,000	4,500
Debt service	251,141	275,396
Total Expenses	<u>11,454,256</u>	<u>11,027,958</u>
Change in net position	(83,697)	561,443
Net position, beginning of year	<u>613,161</u>	<u>51,718</u>
Net position, end of year	<u>\$ 529,464</u>	<u>\$ 613,161</u>

As shown in the above statement, the District experienced a decrease in net position of (\$83,697) on the full accrual basis of accounting. This was primarily a result of decreased miscellaneous revenue. The significant deficit unrestricted net position balance at year end is due to the implementation of GASB Statement 68 during the year ended June 30, 2015. The unrestricted net position deficit increased by \$340,925 from the prior year. A deficit unrestricted net position balance is expected to continue into subsequent years due to the net pension liability being included on the government-wide financial statements.

Governmental Funds Analysis

The General Fund shows an ending fund balance of \$934,824, a decrease of \$459,190 or 32.9% from the previous fiscal year, which is greater than anticipated as the District applied \$802,381 of its beginning fund balance to offset the tax rate. This resulted from a balanced combination of cost savings (actual expenditures were \$313,026 less than budgeted) and unanticipated revenues from multiple sources (actual revenues were \$153,883 more than budgeted).

The ending fund balance of the Nonmajor Governmental Funds increased by \$9,580 from the prior year to \$17,142, primarily due to revenues in excess of expenditures in the Food Service Fund and Private Grants Fund of \$5,268, and \$4,312 respectively.

General Fund Budgetary Highlights

There was no difference between the original and final budgets for the General Fund in the current fiscal year. Actual revenues and other financing sources on the budgetary basis exceeded the budgeted amount by \$167,806 mainly coming from unanticipated charges for services due from other school districts, federal medicaid to schools in excess of budget, and refunds of prior year health insurance premiums. Actual appropriations (expenditures and transfers out) were less than budgeted amounts by \$313,026 with the majority of the savings coming from reduced tuitions and transportation costs for students attending out of district programs and from savings on utility costs such as heating oil, propane and electricity. Variances between the final budgeted amounts and actual results in the General Fund are shown in the Required Supplementary Information and Notes on pages 26 and 30, respectively.

**HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2016**

Capital assets

Hinsdale School District considers a capital asset to be an asset whose costs exceed or equal \$10,000 and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their useful life. During fiscal year 2016, the net capital assets of the District decreased by (\$432,930). The decrease was a result of current period depreciation expense of \$466,830 with only \$33,900 of current year additions. See Note 3 in the Notes to the Basic Financial Statements for a summary of all capital asset activity.

Long-term Obligations

During fiscal year 2016, Hinsdale School District had a reduction in bonds payable of (\$650,000) from scheduled payments made during the year on an existing obligation. The related bond premium decreased by (\$27,504) due to current year amortization. The District had a decrease in capital leases payable due to scheduled payments of (\$3,876) made throughout the year. The District showed a net increase in potential future payments for lump-sum retirement of \$29,817, an increase in other post-employment benefits of \$64,002, and an increase in net pension liability of \$229,821. See Notes 4, 5, and 6 in the Notes to the Basic Financial Statements for a summary of all long-term obligations activity.

CONTACTING HINSDALE SCHOOL DISTRICT FINANCIAL MANAGEMENT

This financial report is intended to provide our citizens and creditors with a general overview of the Hinsdale School District's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, please contact Hinsdale School District Business Office at 49 School Street, Hinsdale, NH 03451-0027 or by telephone at (603) 336-5728.

EXHIBIT A
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,530,376
Accounts receivable	361
Due from other governments	509,926
Inventory	802
Prepaid expenses	113,550
Total Current Assets	<u>2,155,015</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	194,218
Depreciable capital assets, net	12,378,893
Total Noncurrent Assets	<u>12,573,111</u>
Total Assets	<u>14,728,126</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	531,970
Total Deferred Outflows of Resources	<u>531,970</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	93,623
Accrued expenses	808,287
Due to other governments	50,980
Unearned revenue	2,789
Current portion of bonds payable	650,000
Current portion of capital lease payable	4,426
Total Current Liabilities	<u>1,610,105</u>
Noncurrent liabilities:	
Bonds payable	5,978,124
Capital lease payable	5,054
Compensated absences payable	177,740
Other post-employment benefits obligation	313,520
Net pension liability	5,838,101
Total Noncurrent Liabilities	<u>12,312,539</u>
Total Liabilities	<u>13,922,644</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes collected in advance	350,000
Deferred inflows related to pension	457,988
Total Deferred Inflows of Resources	<u>807,988</u>
NET POSITION	
Net investment in capital assets	5,935,507
Restricted	16,340
Unrestricted (deficit)	<u>(5,422,383)</u>
Total Net Position	<u>\$ 529,464</u>

See accompanying notes to the basic financial statements

EXHIBIT B
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 5,656,231	\$ 130,925	\$ 599,072		\$ (4,926,234)
Supporting services	1,024,060		42,754		(981,306)
Instructional staff services	207,245		66,538		(140,707)
General administration	1,872,473		60,003		(1,812,470)
Operation and maintenance of plant	1,801,473				(1,801,473)
Pupil transportation	362,267				(362,267)
Food service	275,366	102,977	177,657		5,268
Other miscellaneous	4,000				(4,000)
Debt service	251,141			\$ 462,803	211,662
Total governmental activities	<u>\$ 11,454,256</u>	<u>\$ 233,902</u>	<u>\$ 946,024</u>	<u>\$ 462,803</u>	<u>(9,811,527)</u>
General revenues:					
					5,327,943
					4,201,953
					26,008
					171,926
					<u>9,727,830</u>
					(83,697)
					613,161
					<u>\$ 529,464</u>

See accompanying notes to the basic financial statements

EXHIBIT C
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,530,376		\$ 1,530,376
Accounts receivable		\$ 361	361
Due from other governments	435,127	74,799	509,926
Due from other funds	66,343	18,005	84,348
Inventory		802	802
Prepaid expenses	113,550		113,550
Total Assets	<u>2,145,396</u>	<u>93,967</u>	<u>2,239,363</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 2,145,396</u>	<u>\$ 93,967</u>	<u>\$ 2,239,363</u>
LIABILITIES			
Accounts payable	\$ 85,930	\$ 7,693	\$ 93,623
Accrued expenses	705,657		705,657
Due to other governments	50,980		50,980
Unearned revenue		2,789	2,789
Due to other funds	18,005	66,343	84,348
Total Liabilities	<u>860,572</u>	<u>76,825</u>	<u>937,397</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes collected in advance	350,000		350,000
Total Deferred Inflows of Resources	<u>350,000</u>	<u>-</u>	<u>350,000</u>
FUND BALANCES			
Nonspendable	113,550	802	114,352
Restricted		16,340	16,340
Committed	485,127		485,127
Assigned	336,147		336,147
Total Fund Balances	<u>934,824</u>	<u>17,142</u>	<u>951,966</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,145,396</u>	<u>\$ 93,967</u>	<u>\$ 2,239,363</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 951,966
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,573,111
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Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.

Deferred outflows of resources attributable to net pension liability	531,970
Deferred inflows of resources attributable to net pension liability	(457,988)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

Accrued interest on long-term obligations	(102,630)
Bonds payable	(6,628,124)
Capital leases payable	(9,480)
Compensated absences payable	(177,740)
Other post-employment benefit obligations	(313,520)
Net pension liability	<u>(5,838,101)</u>

Net Position of Governmental Activities (Exhibit A)	<u>\$ 529,464</u>
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EXHIBIT D
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 5,327,943		\$ 5,327,943
Intergovernmental	4,911,394	\$ 699,386	5,610,780
Charges for services	111,819	122,083	233,902
Investment income	26,008		26,008
Miscellaneous	167,426	4,500	171,926
Total Revenues	<u>10,544,590</u>	<u>825,969</u>	<u>11,370,559</u>
Expenditures:			
Current operations:			
Instruction	5,325,544	367,728	5,693,272
Supporting services	1,003,995	42,754	1,046,749
Instructional staff services	142,229	66,538	208,767
General administration	1,845,440	46,081	1,891,521
Operation and maintenance of plant	1,175,503		1,175,503
Pupil transportation	379,165		379,165
Food service		275,366	275,366
Other miscellaneous		4,000	4,000
Capital outlay		205,352	205,352
Debt service:			
Principal retirement	650,000		650,000
Interest and fiscal charges	290,474		290,474
Total Expenditures	<u>10,812,350</u>	<u>1,007,819</u>	<u>11,820,169</u>
Excess of expenditures over revenues	<u>(267,760)</u>	<u>(181,850)</u>	<u>(449,610)</u>
Other financing sources (uses):			
Transfers in	13,922	205,352	219,274
Transfers out	<u>(205,352)</u>	<u>(13,922)</u>	<u>(219,274)</u>
Total other financing sources (uses)	<u>(191,430)</u>	<u>191,430</u>	<u>-</u>
Net change in fund balances	(459,190)	9,580	(449,610)
Fund balances at beginning of year	<u>1,394,014</u>	<u>7,562</u>	<u>1,401,576</u>
Fund balances at end of year	<u>\$ 934,824</u>	<u>\$ 17,142</u>	<u>\$ 951,966</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ (449,610)

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives as depreciation
expense. This is the amount by which depreciation expense
exceeded capital outlays in the current period. (432,930)

Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
statement of net position. 650,000

Repayment of capital lease principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position. 3,876

Governmental funds report the effect of bond issuance premiums
when debt is first issued, whereas these amounts are amortized
in the statement of activities over the life of the related debt. 27,504

In the statement of activities, interest is accrued on outstanding
bonds payable, whereas in governmental funds, an interest
expenditure is reported when due. 11,829

Some expenses reported in the statement of activities, such as
compensated absences and other post-employment benefits, do
not require the use of current financial resources and therefore,
are not reported as expenditures in the governmental funds. (93,819)

Governmental funds report pension contributions as expenditures.
However, in the statement of activities, pension expense reflects
the change in the net pension liability and related deferred outflows
and inflows of resources, and do not require the use of current
financial resources. This is the amount by which pension
contributions exceeded pension expense in the current period. 199,453

Change in Net Position of Governmental Activities (Exhibit B) \$ (83,697)

See accompanying notes to the basic financial statements

EXHIBIT E
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

		Student Activities <u>Agency Funds</u>
	ASSETS	
Cash and cash equivalents		\$ 40,601
Total Assets		<u>\$ 40,601</u>
	LIABILITIES	
Due to student groups		\$ 40,601
Total Liabilities		<u>\$ 40,601</u>

See accompanying notes to the basic financial statements

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hinsdale, New Hampshire School District conform to accounting principles generally accepted in the United States of America for local educational units of government, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Hinsdale, New Hampshire School District (the "District") is an independent governmental entity organized under the laws of the State of New Hampshire to provide public education within the borders of the Town of Hinsdale, New Hampshire. The District's legislative body is the annual meeting of registered voters within the District and is governed by an elected School Board. The District has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that are required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the District's sole major governmental fund:

The *General Fund* is the main operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The District maintains one fiduciary fund, an agency fund known as the Student Activities Agency Funds. The agency fund was established to account for revenues generated by student managed activities. The District's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 10). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, and student fees.

2. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The District's budget represents functional appropriations as authorized by annual District meetings. The school board may transfer funds between operating categories as they deem necessary. The District adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but requires the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2016, the District applied \$652,381 of its unappropriated fund balance to reduce taxes.

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis. Inventory in governmental funds consists of food supplies held for consumption.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The District maintains a capitalization threshold of \$10,000. The District does not possess any infrastructure or intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Land improvements	10
Buildings and improvements	5-39
Machinery and equipment	3-10

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

Bond Premium

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premiums. The balance of the unamortized bond premium included in bond payables of the governmental activities on the Statement of Net Position as of June 30, 2016 is \$128,124.

Compensated Absences

District teachers may accumulate sick leave days at a rate of fifteen days per year, cumulative to a maximum of 125 days. A provision for annual sick leave is made in the annual operating budget. No payment for unused sick leave is made upon termination or retirement.

District teachers with a minimum of fifteen years of service are entitled to a one-time lump sum payment at the time of their retirement equal to one percent (1%) of their current earnings, multiplied by the number of years of their service. An annual budgetary provision is made by the District for any expected lump sum payments.

For governmental fund financial statements, these compensated absences are reported as liabilities and expenditures as payments come due upon the occurrence of employee retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for specific purposes stipulated by external resource providers or by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation.
- *Committed Fund Balance*: Amounts that can be used only for specific purposes determined by a formal action of the District's highest level of decision making authority (the School Board). Commitments may be changed or lifted only by the governing board taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: Amounts the District intends to use for a specific purpose. For all governmental funds other than the General Fund, any remaining positive fund balance is to be classified as "Assigned".
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and is available for any purpose. These amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

The School Board delegates to the Superintendent of Schools, through the Business Administrator, the authority to assign amounts to be used for specific purposes.

Minimum Level of Unassigned Fund Balance

Pursuant to the District's policy, the School Board will return to the Town, any unassigned fund balance of the General Fund at fiscal year-end, to be used to offset the subsequent fiscal year's tax rate.

Spending Prioritizations

The District's policy is to first apply restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

Deficit Fund Balance

Pursuant to the District's policy, if any of the special revenue funds has a deficit unassigned fund balance at fiscal year end, the Superintendent is authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/ expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS

Deposits as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 1,530,376
Statement of Fiduciary Net Position:	
Cash and cash equivalents	<u>40,601</u>
Total deposits	<u>\$ 1,570,977</u>

Deposits at June 30, 2016 consist of the following:

Deposits with financial institutions	<u>\$ 1,570,977</u>
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The School District's investment policy for its governmental funds requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The District's deposits with financial institutions consist solely of demand deposits.

Deposits for the Student Activities Agency Funds are at the discretion of the School Principals and Superintendent of Schools.

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's investment policy stipulates that all deposits and investments be covered by federal depository insurance, with all balances in excess of FDIC insurance limits collateralized.

Of the District's deposits with financial institutions at year end, \$1,519,454 was collateralized by securities held by Bank of New York Mellon in the name of the District.

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 194,218			\$ 194,218
Total capital assets not being depreciated	<u>194,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>194,218</u>
Other capital assets:				
Land improvements	109,576			109,576
Buildings and improvements	16,764,918			16,764,918
Machinery and equipment	328,112	33,900	(44,885)	317,127
Total other capital assets at historical cost	<u>17,202,606</u>	<u>33,900</u>	<u>(44,885)</u>	<u>17,191,621</u>
Less accumulated depreciation for:				
Land improvements	(63,007)	(10,957)		(73,964)
Buildings and improvements	(4,072,712)	(430,340)		(4,503,052)
Machinery and equipment	(255,064)	(25,533)	44,885	(235,712)
Total accumulated depreciation	<u>(4,390,783)</u>	<u>(466,830)</u>	<u>44,885</u>	<u>(4,812,728)</u>
Total other capital assets, net	<u>12,811,823</u>	<u>(432,930)</u>	<u>-</u>	<u>12,378,893</u>
Total capital assets, net	<u>\$ 13,006,041</u>	<u>\$ (432,930)</u>	<u>\$ -</u>	<u>\$ 12,573,111</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 19,807
General administration	8,184
Operation and maintenance of plant	434,537
Pupil transportation	4,302
	<u>\$ 466,830</u>

The balance of capital assets acquired through capital leases as of June 30, 2016 is as follows:

Machinery and equipment	\$ 16,750
Less: Accumulated depreciation	<u>(11,167)</u>
	<u>\$ 5,583</u>

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the long-term obligations of the governmental activities for the year ended June 30, 2016 are as follows:

<u>Type</u>	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds payable	\$ 7,150,000		\$ (650,000)	\$ 6,500,000	\$ 650,000
Unamortized bond premium	155,628		(27,504)	128,124	
Total Bonds payable	7,305,628	\$ -	(677,504)	6,628,124	650,000
Capital lease payable	13,356		(3,876)	9,480	4,426
Compensated absences payable	147,923	29,817		177,740	
Totals	<u>\$ 7,466,907</u>	<u>\$ 29,817</u>	<u>\$ (681,380)</u>	<u>\$ 6,815,344</u>	<u>\$ 654,426</u>

Payments on outstanding general obligation bonds and capital leases, as well as compensated absences payable, are paid out of the General Fund. Amortization of the bond premium is recognized as a component of interest expense on the Statement of Activities (Exhibit B).

General Obligation Bonds

Bonds payable at June 30, 2016 is comprised of the following individual issue:

<u>Description</u>	<u>Original</u> <u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Balance at</u> <u>June 30, 2016</u>
2010 Series A Refunding Bonds	<u>\$ 13,032,960</u>	4.0-5.0%	August 2025	\$ 6,500,000
		Add: <i>Unamortized bond premium</i>		<u>128,124</u>
		Total Bonds Payable		<u>\$ 6,628,124</u>

Debt service requirements to retire the general obligation bonds outstanding at June 30, 2016 are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 650,000	\$ 257,973	\$ 907,973
2018	650,000	225,474	875,474
2019	650,000	165,137	815,137
2020	650,000	138,406	788,406
2021	650,000	111,350	761,350
2022-2026	<u>3,250,000</u>	<u>211,033</u>	<u>3,461,033</u>
Sub-total Bonds Payable	6,500,000	1,109,373	7,609,373
Add: <i>Unamortized Bond Premium</i>	<u>128,124</u>	<u>-</u>	<u>128,124</u>
Total Bonds Payable	<u>\$ 6,628,124</u>	<u>\$ 1,109,373</u>	<u>\$ 7,737,497</u>

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

Capital Lease Obligations

Capital lease obligations represent a lease agreement entered into for the financing of equipment acquisitions. This contract is subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following is the individual capital lease obligation at June 30, 2016:

Office Equipment, due in monthly installments of \$452 through June 2018, including interest of 13.35%	<u>\$ 9,480</u>
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Debt service requirements to retire the capital lease obligation outstanding at June 30, 2016 are as follows:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 4,426	\$ 1,001	\$ 5,427
2018	5,054	373	5,427
	<u>\$ 9,480</u>	<u>\$ 1,374</u>	<u>\$ 10,854</u>

NOTE 5—OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the District provides post-employment health care benefits to its eligible retirees and their spouses. Employees are eligible for retiree health care coverage until Medicare eligibility once they meet the New Hampshire Retirement System (NHRS) eligibility requirements. To qualify for these benefits employees covered by the NHRS must meet one of the following eligibility requirements: reach the age of 50 with 10 years of service, obtain 70 points (the sum of age and years of service) or reach the age of 60 with no minimum service requirement. Retirees are required to pay the full cost of coverage. Upon death of a retiree or active employee, spouse coverage switches to COBRA. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2013, the most recent actuarial valuation date, approximately 5 retirees and 87 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

Annual OPEB Costs

The District's annual OPEB expense for the fiscal year ended June 30, 2016 is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years.

The District's annual OPEB cost for the fiscal year ending June 30, 2016 including the amount actually contributed to the plan, and the change in the District's net OPEB obligation based on an actuarial valuation as of July 1, 2013 is as follows:

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

Annual Required Contribution (ARC)	\$ 84,857
Interest on Net OPEB Obligation (NOO)	11,228
NOO Amortization adjustment to ARC	<u>(14,985)</u>
Annual OPEB cost	81,100
Contributions made	<u>(17,098)</u>
Increase in Net OPEB obligation	64,002
Net OPEB obligation - beginning of year	<u>249,518</u>
Net OPEB obligation - end of year	<u><u>\$ 313,520</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2016, 2015 and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 81,100	21.1%	\$ 313,520
6/30/2015	\$ 83,162	22.8%	\$ 249,518
6/30/2014	\$ 87,476	9.1%	\$ 185,349

The District's net OPEB obligation as of June 30, 2016, is recognized as a liability of the governmental activities in these financial statements.

Funded Status and Funding Progress for OPEB

The funded status of the plan as of July 1, 2013, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 692,297
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 692,297</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 5,255,856

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other key assumptions. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

Actuarial Methods and Assumptions for OPEB

Projections of benefits for financial reporting purposes are based on the plan as understood by the District and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the July 1, 2013 actuarial valuation, the Projected Unit Credit cost method was used with linear proration to decrement. The actuarial value of assets was not determined as the District has not advance funded its obligation. The District employs the Pay-as-you-go Cash Basis to fund the plan. The actuarial assumptions include a 4.5% investment rate of return. The initial annual health care cost trend rate used was 2.76%, which decreases to an ultimate rate of 5.0% for all health care benefits after ten years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of thirty years on an open group basis. This has been calculated assuming an annual payroll increase at a rate of 3.0% per year.

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the New Hampshire Retirement System (NHRS), 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 New Hampshire Retirement System is a public employee retirement system that administers a single cost-sharing multiple- employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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 are available to pay retirement benefits to all members.

Benefits Provided

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

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

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 a non-vested 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 benefit commencement date precedes the month after which the member attains 52.5 years of age by 1/4 of 1% or age 60.

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

Funding Policy

Plan members are required to contribute 7.0% of their covered salary and the District is required to contribute at an actuarially determined rate. The District's contribution rates for the covered payroll of teachers and employees were 12.72% and 10.86%, respectively. The District contributes 100% of the employer cost for teachers and general employees of the District.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The District's contributions to the NHRS for the year ending June 30, 2016 was \$531,970

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$5,838,101 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2014. The District's proportion of the net pension liability was based on actual contributions by the District during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2015, the District's proportion was approximately 0.1474 percent, which was a decrease of 0.0020 percentage points from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$332,517. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 128,111
Differences between expected and actual earnings on pension plan investments		156,030
Changes in proportion and differences between District contributions and proportionate share of contributions		173,847
District contributions subsequent to the measurement date	\$ 531,970	_____
Total	<u>\$ 531,970</u>	<u>\$ 457,988</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$73,982. The District reported \$531,970 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>June 30</u>	
2016	\$ (157,095)
2017	(157,095)
2018	(157,094)
2019	31,103
2020	(17,807)
	<u>\$ (457,988)</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to 2015 measurements:

Inflation	3.0 Percent
Wage Inflation	3.75 Percent
Salary increases	5.8 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation.

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

Mortality rates were based on the RP-2000 mortality table projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements. Retirement rates were based on a table of rates that are specific to the type of eligibility condition, last updated in 2011 pursuant to an experience study of the period July 1, 2005 – June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of weighted average long-term expected real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Net of inflation assumption of 3.0%)</u>
Fixed income	25%	(1.00)-0.28%
Domestic equity	30%	3.00%
International equity	20%	4.00-6.00%
Real estate	10%	3.50%
Private equity	5%	5.50%
Private debt	5%	4.50%
Opportunistic	5%	2.75%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the 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 or 1-percentage-point higher than the single discount rate:

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 7,685,101	\$ 5,838,101	\$4,263,523

NOTE 7—INTERFUND BALANCES AND TRANSFERS

The District has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2016 are as follows:

	Due From		
	General Fund	Nonmajor Governmental Funds	Totals
Due to General Fund		\$ 66,343	\$ 66,343
Nonmajor Governmental Funds	\$ 18,005		18,005
	<u>\$ 18,005</u>	<u>\$ 66,343</u>	<u>\$ 84,348</u>

During the year, several interfund transactions occurred between funds. The General Fund made a transfer from an expendable trust account to the Capital Projects Fund, a Nonmajor Governmental Fund, for the purpose of financing a roof repair project. The transfer was properly authorized by the School Board and made in accordance with the purpose of the District's expendable trust account. Additionally, during the year the Federal Projects Fund, a Nonmajor Governmental Fund, made a transfer to the General Fund for indirect costs allocated to grants. The transfer was made in accordance with the terms and provisions of the grant awards. Interfund transfers for the year ended June 30, 2016 are as follows:

	Transfers in	Transfers out
General Fund	13,922	\$ 205,352
Nonmajor Governmental Funds:		
Federal Projects Fund		13,922
Capital Projects Fund	205,352	
	<u>\$ 219,274</u>	<u>\$ 219,274</u>

NOTE 8—RESTRICTED NET POSITION

Net position is restricted for specific purposes as follows:

Food service operations	\$ 8,312
Afterschool and instructional activities	8,028
	<u>\$ 16,340</u>

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

NOTE 9—COMPONENTS OF FUND BALANCE

The components of the District's fund balance for its governmental funds at June 30, 2016 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>			
Prepaid expenses	\$ 113,550		\$ 113,550
Food service inventory		\$ 802	802
<i>Restricted for:</i>			
Food service operations		8,312	8,312
Afterschool and instructional activities		8,028	8,028
<i>Committed for:</i>			
School Building Maintenance Fund	50,000		50,000
Expendable trusts	435,127		435,127
<i>Assigned for:</i>			
Encumbrances	15,115		15,115
Designated to offset subsequent fiscal year tax rate	321,032		321,032
	<u>\$ 934,824</u>	<u>\$ 17,142</u>	<u>\$ 951,966</u>

NOTE 10—PROPERTY TAXES

Property taxes levied to support the Hinsdale, New Hampshire School District are based on the assessed valuation of the prior April 1st for all taxable real property.

Under state statutes, the Town of Hinsdale, New Hampshire (an independent governmental unit) collects School District taxes and State of New Hampshire Education taxes as part of local property tax assessments. As collection agent, the Town is required to pay over to the District its share of property tax assessments through periodic payments based on cash flow requirements of the District. The Town assumes financial responsibility for all uncollected property taxes under state statutes. For the year ended June 30, 2016, School District taxes were \$4,749,513 and State of New Hampshire Education taxes were \$578,430.

The District is entitled to receive monies under the established payment schedule and the unpaid amount at the fiscal year end, if any, is considered to be an "accounts receivable" since the revenue is both measurable and available.

NOTE 11—RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2016, the District was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2016

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2016.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the District shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 12—CONTINGENT LIABILITIES

Federal Grants

The District participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Litigation

There may be various claims and suits pending against the District, which arise in the normal course of the District's activities. In the opinion of legal counsel and District management, any potential claims against the District, which are not covered by insurance are immaterial and would not affect the financial position of the District.

SCHEDULE 1
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Taxes	\$ 5,327,943	\$ 5,327,943	\$ 5,327,943	\$ -
Intergovernmental	4,839,756	4,839,756	4,911,394	71,638
Charges for services	40,000	40,000	111,819	71,819
Miscellaneous	157,000	157,000	167,426	10,426
Total Revenues	<u>10,364,699</u>	<u>10,364,699</u>	<u>10,518,582</u>	<u>153,883</u>
Expenditures:				
Current operations:				
Instruction	5,450,571	5,450,571	5,325,890	124,681
Supporting services	1,062,739	1,062,739	1,004,270	58,469
Instructional staff services	192,654	192,654	142,054	50,600
General administration	1,805,485	1,805,485	1,845,849	(40,364)
Operation and maintenance of plant	1,145,835	1,145,835	1,066,351	79,484
Pupil transportation	419,321	419,321	379,165	40,156
Debt service:				
Principal retirement	650,000	650,000	650,000	-
Interest and fiscal charges	290,474	290,474	290,474	-
Total Expenditures	<u>11,017,079</u>	<u>11,017,079</u>	<u>10,704,053</u>	<u>313,026</u>
Excess of expenditures over revenues	<u>(652,380)</u>	<u>(652,380)</u>	<u>(185,471)</u>	<u>466,909</u>
Other financing sources (uses):				
Transfers in	-	-	13,922	13,922
Transfers out	<u>(150,001)</u>	<u>(150,001)</u>	<u>(150,000)</u>	<u>1</u>
Total other financing sources (uses)	<u>(150,001)</u>	<u>(150,001)</u>	<u>(136,078)</u>	<u>13,923</u>
Net change in fund balance	<u>(802,381)</u>	<u>(802,381)</u>	<u>(321,549)</u>	<u>480,832</u>
Fund balances at beginning of year,				
- Budgetary Basis	<u>806,131</u>	<u>806,131</u>	<u>806,131</u>	<u>-</u>
Fund balances at end of year				
- Budgetary Basis	<u>\$ 3,750</u>	<u>\$ 3,750</u>	<u>\$ 484,582</u>	<u>\$ 480,832</u>

See accompanying notes to the required supplementary information

SCHEDULE 2
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Schedule of Funding Progress for Other Post-Employment Benefits
For the Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2010	\$ -	\$ 340,354	\$ 340,354	0%	\$ 4,728,403	7.2%
7/1/2013	\$ -	\$ 692,297	\$ 692,297	0%	\$ 5,255,856	13.2%

See accompanying notes to the required supplementary information

SCHEDULE 3

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT

Schedule of Changes in the District's Proportionate Share of the Net Pension Liability

For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.1474%	0.1494%	0.1531%
District's proportionate share of the net pension liability (asset)	\$ 5,838,101	\$ 5,608,280	\$ 6,591,130
District's covered-employee payroll	\$ 4,234,568	\$ 4,156,311	\$ 4,285,391
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	137.87%	134.93%	153.80%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	66.32%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 4
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Schedule of District Contributions
For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 531,970	\$ 494,409	\$ 484,725	\$ 380,807
Contributions in relation to the contractually required contribution	<u>(531,970)</u>	<u>(494,409)</u>	<u>(484,725)</u>	<u>(380,807)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,307,606	\$ 4,234,568	\$ 4,156,311	\$ 4,285,391
Contributions as a percentage of covered-employee payroll	12.35%	11.68%	11.66%	8.89%

See accompanying notes to the required supplementary information

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the District. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). General Fund budgetary revenues and other financing sources were adjusted for non-budgetary revenues, and General Fund budgetary expenditures and other financing uses were adjusted for non-budgetary transfers, budgetary transfers, and encumbrances as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	\$ 10,558,512	\$ 11,017,702
Non-budgetary revenues	(26,008)	
Non-budgetary transfers		(205,352)
Budgetary transfers		150,000
Encumbrances - June 30, 2016		15,115
Encumbrances - June 30, 2015		(123,412)
Per Schedule 1	<u>\$ 10,532,504</u>	<u>\$ 10,854,053</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at June 30, 2016 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 113,550
<i>Assigned for:</i>	
Designated to offset subsequent fiscal year tax rate	<u>371,032</u>
	<u>\$ 484,582</u>

NOTE 3—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the District is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The District implemented the provisions of GASB Statement #45 during the fiscal year ended June 30, 2011. Accordingly, the funding progress has only been presented for the two most recent actuarial valuation reports. Additional disclosures will be made as the information becomes available.

HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended June 30, 2016

**NOTE 4—SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND SCHEDULE OF DISTRICT CONTRIBUTIONS**

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the District is required to disclose historical information for each of the prior ten years within a schedule of changes in the district's proportionate share of the net pension liability, and schedule of district contributions. The District implemented the provisions of GASB Statement #68 during the year ended June 30, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

SCHEDULE A
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2016

	Food Service Fund	Federal Projects Fund	Private Grants Fund	Total Nonmajor Funds
ASSETS				
Accounts receivable	\$ 361			\$ 361
Due from other governments	8,456	\$ 66,343		74,799
Due from other funds	9,977		\$ 8,028	18,005
Inventory	802			802
Total Assets	<u>19,596</u>	<u>66,343</u>	<u>8,028</u>	<u>93,967</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 19,596</u>	<u>\$ 66,343</u>	<u>\$ 8,028</u>	<u>\$ 93,967</u>
LIABILITIES				
Accounts payable	\$ 7,693			\$ 7,693
Unearned revenue	2,789			2,789
Due to other funds		\$ 66,343		66,343
Total Liabilities	<u>10,482</u>	<u>66,343</u>	<u>\$ -</u>	<u>76,825</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	802			802
Restricted	8,312		8,028	16,340
Total Fund Balances	<u>9,114</u>	<u>-</u>	<u>8,028</u>	<u>17,142</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,596</u>	<u>\$ 66,343</u>	<u>\$ 8,028</u>	<u>\$ 93,967</u>

SCHEDULE B
HINSDALE, NEW HAMPSHIRE SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended June 30, 2016

	Food Service Fund	Federal Projects Fund	Private Grants Fund	Total Nonmajor Special Revenue Funds	Capital Projects Fund	Total Nonmajor Funds
Revenues:						
Intergovernmental	\$ 177,657	\$ 521,729		\$ 699,386		\$ 699,386
Charges for services	102,977		\$ 19,106	122,083		122,083
Miscellaneous			4,500	4,500		4,500
Total Revenues	<u>280,634</u>	<u>521,729</u>	<u>23,606</u>	<u>825,969</u>	<u>\$ -</u>	<u>825,969</u>
Expenditures:						
Current operations:						
Instruction		352,434	15,294	367,728		367,728
Supporting services		42,754		42,754		42,754
Instructional staff services		66,538		66,538		66,538
General administration		46,081		46,081		46,081
Food service	275,366			275,366		275,366
Other miscellaneous			4,000	4,000		4,000
Capital outlay					205,352	205,352
Total Expenditures	<u>275,366</u>	<u>507,807</u>	<u>19,294</u>	<u>802,467</u>	<u>205,352</u>	<u>1,007,819</u>
Excess of revenues over (under) expenditures	<u>5,268</u>	<u>13,922</u>	<u>4,312</u>	<u>23,502</u>	<u>(205,352)</u>	<u>(181,850)</u>
Other financing sources (uses):						
Transfers in				-	205,352	205,352
Transfers out		(13,922)		(13,922)		(13,922)
Total other financing sources (uses)	<u>-</u>	<u>(13,922)</u>	<u>-</u>	<u>(13,922)</u>	<u>205,352</u>	<u>191,430</u>
Net change in fund balances	5,268	-	4,312	9,580	-	9,580
Fund balances at beginning of year	<u>3,846</u>	<u>-</u>	<u>3,716</u>	<u>7,562</u>	<u>-</u>	<u>7,562</u>
Fund balances at end of year	<u>\$ 9,114</u>	<u>\$ -</u>	<u>\$ 8,028</u>	<u>\$ 17,142</u>	<u>\$ -</u>	<u>\$ 17,142</u>