

WHITMAN-HANSON REGIONAL SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2017

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	9
STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES	10
GOVERNMENTAL FUNDS – BALANCE SHEET	11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION	12
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	14
FIDUCIARY FUNDS – STATEMENT OF FIDUCIARY NET POSITION	15
FIDUCIARY FUNDS – STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	16
NOTES TO BASIC FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (NON-GAAP BUDGETARY BASIS) – BUDGET AND ACTUAL	47
PENSION PLAN SCHEDULES	49
OTHER POSTEMPLOYMENT BENEFITS SCHEDULE	51
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	53

INDEPENDENT AUDITORS' REPORT

Honorable School Committee
Whitman-Hanson Regional 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 Whitman-Hanson Regional School District (the District), as of and for the year ended June 30, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity 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 (located on pages 3 through 8) and general fund budgetary comparison and certain pension and other postemployment benefits information, and the related notes to the required supplementary information (located on pages 47 through 53) 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
December 19, 2017

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

As management of the Whitman-Hanson Regional School District (the District) we offer readers of these financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,588,236 (Net Position).
- The District's total net position decreased by \$6,747,004.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$1,023,488, or 1.9% of total general fund revenues and other financing sources.
- The District redeemed \$620,000 of long-term debt during the fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains required supplementary information in addition 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 a private-sector business.

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

The **statement of activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state school construction reimbursement revenue).

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Both of the government-wide financial statements report the functions of the District that are principally supported by member town assessments and intergovernmental revenues (*governmental activities*). Governmental activities include all of the District's basic services, such as instruction and support services.

The government-wide financial statements can be found on pages 9-10 of this report.

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, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Fiduciary funds

Governmental Funds

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

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

The District maintains many individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, circuit breaker, and technology (Hanson) funds, each of which is considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental funds financial statements can be found on pages 11-14 of this report.

Fiduciary Funds

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

The other post-employment benefits (OPEB) trust fund, private-purpose trust funds and agency funds are reported in the fiduciary funds financial statements.

The basic fiduciary funds financial statements can be found on pages 15-16 of this report.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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. The notes to the financial statements can be found on pages 17-46 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and certain pension and other postemployment benefits information, which can be located on pages 47-53 of this report.

Government-Wide Financial Statement

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,588,236 at the close of the fiscal year and are summarized as follows:

	Governmental Activities	
	2017	2016
Assets		
Current Assets	\$ 4,335,282	\$ 5,445,348
Capital Assets, Net	63,910,073	66,474,410
Total Assets	68,245,355	71,919,758
Deferred Outflows of Resources	1,270,895	1,292,892
Liabilities		
Current Liabilities, Excluding Debt	610,922	793,015
Noncurrent Liabilities, Excluding Debt	37,687,767	34,389,301
Current Debt	1,150,137	1,284,636
Noncurrent Debt	5,680,226	6,326,364
Total Liabilities	45,129,052	42,793,316
Deferred Inflows of Resources	798,962	84,094
Net Position		
Net Investment in Capital Assets	57,401,304	59,208,611
Restricted	1,835,805	1,931,968
Unrestricted	(35,648,873)	(30,805,339)
Total Net Position	\$ 23,588,236	\$ 30,335,240

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

A significant portion of the District's net position reflects its net investment in capital assets (e.g., land improvements, construction in progress, building and improvements, machinery and equipment, vehicles, library and text books, and software). These capital assets are used to provide services to students; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

At year-end, the District reports an unrestricted net deficit of \$35,648,873. Such resources have been consumed with the recognition of both post-retirement benefit liabilities and pension liabilities.

Changes in Net Position

For the fiscal year ended June 30, 2017, the District's total net position decreased by \$6,747,004, compared to a decrease of \$3,723,843 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities	
	2017	2016
Revenues		
Program Revenues:		
Charges for Services	\$ 2,157,727	\$ 2,005,366
Operating Grants and Contributions	11,383,782	9,356,404
Capital Grants and Contributions	683,467	1,203,143
General Revenues:		
Member Town Assessments	20,080,033	19,370,813
Intergovernmental	25,475,587	25,149,021
Unrestricted Investment Income	47,637	17,336
Total Revenues	59,828,233	57,102,083
Expenses		
General Administration	2,354,926	1,913,574
Instructional Services	50,564,911	45,549,353
Other School Services	5,620,899	5,233,853
Operating Maintenance Buildings	4,861,749	4,641,010
Programs with Other Schools	2,969,782	3,249,428
Debt Service - Interest	202,970	238,708
Total Expenses	66,575,237	60,825,926
Change in Net Position	(6,747,004)	(3,723,843)
Net Position - Beginning of Year	30,335,240	34,059,083
Net Position - End of Year	\$ 23,588,236	\$ 30,335,240

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Fund Financial Statement Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$3,449,334, a decrease of \$795,770 in comparison with the prior year. Approximately \$788,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Restricted (\$1,831,853)
- Committed (\$750,000)
- Assigned (\$79,745)

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$1,023,488, while total fund balance was \$1,853,233. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund revenues and other financing sources. Unassigned fund balance represents 1.9% of total general fund revenues and other financing sources, while total fund balance represents 3.4% of that same amount.

The fund balance of the District's general fund decreased \$883,309 during the current fiscal year. The District anticipated utilizing approximately \$1,360,000 of reserves in fiscal year 2017; however, the District ultimately recognized an approximate \$397,000 budgetary surplus.

Financial highlights of the District's other major governmental funds are as follows:

The fund balance of the circuit breaker fund increased \$53,417 during the current fiscal year. The fund received \$734,701 of state revenue and transferred \$681,284 to the general fund for special education.

The fund balance of the technology (Hanson) fund increased \$114,949 during the current fiscal year. The fund incurred \$14,551 of expenditures and received \$129,500 of transfers from the general fund.

General Fund Budgetary Highlights

The original general fund budget was \$46,914,344 and \$410,088 of appropriations were carried over from the prior year. The carried forward budget of \$410,088 was increased by \$96,081 during the fiscal year for reversions of prior year encumbrances.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets at the end of the fiscal year totaled \$63,910,073 (net of accumulated depreciation). This investment in capital assets includes land improvements, construction in progress, building and improvements, machinery and equipment, vehicles, library and text books, and software. The total decrease in the investment in capital assets for the current fiscal year totaled \$2,564,337 or 3.9%.

The major capital asset event that occurred during the current fiscal year was tennis court reconstruction totaling approximately \$147,000.

The following table summarizes the District's capital assets (net of accumulated depreciation):

	Governmental Activities	
	2017	2016
Land Improvements	\$ 154,570	\$ 154,570
Building and Improvements	61,589,413	63,754,110
Machinery and Equipment	1,338,630	1,541,282
Vehicles	88,105	112,275
Library and Text Books	643,179	706,800
Software	96,176	205,373
Total Capital Assets	<u>\$ 63,910,073</u>	<u>\$ 66,474,410</u>

Additional information on the District's capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded general obligation debt outstanding was \$6,015,000, which is backed by the full faith and credit of the District. The District's total bonded debt consists entirely of general obligation bonds. The District's total bonded debt decreased by \$620,000 during the fiscal year.

The District maintains an AA rating with Standard & Poor's Financial Services, LLC.

Additional information on the District's long-term debt can be found in Note 9 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, 610 Franklin Street, Whitman, Massachusetts 02382.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,215,760
Restricted Cash and Cash Equivalents	2,113,042
Receivables, Net of Allowance for Uncollectible Amounts:	
Departmental and Other	6,480
Total Current Assets	<u>4,335,282</u>
Noncurrent Assets:	
Capital Assets Not Being Depreciated	154,570
Capital Assets, Net of Accumulated Depreciation	63,755,503
Total Noncurrent Assets	<u>63,910,073</u>
Total Assets	<u>68,245,355</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	<u>1,270,895</u>
LIABILITIES	
Current Liabilities:	
Warrants Payable	189,549
Accrued Payroll	3,214
Other Liabilities	182,705
Accrued Interest	94,350
Compensated Absences	141,104
Short-Term Notes Payable	504,000
Long-Term Bonds and Notes Payable	646,137
Total Current Liabilities	<u>1,761,059</u>
Noncurrent Liabilities:	
Compensated Absences	1,269,935
Net OPEB Obligation	26,053,648
Net Pension Liability	10,364,184
Long-Term Bonds and Notes Payable	5,680,226
Total Noncurrent Liabilities	<u>43,367,993</u>
Total Liabilities	<u>45,129,052</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pension	<u>798,962</u>
NET POSITION	
Net Investment in Capital Assets	57,401,304
Restricted for:	
Circuit Breaker	684,279
Other Specific Purposes	1,151,526
Unrestricted	(35,648,873)
Total Net Position	<u>\$ 23,588,236</u>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Administration	\$ 2,354,926	\$ 37,500	\$ -	\$ -	\$ (2,317,426)
Instructional Services	50,564,911	916,896	10,918,690	-	(38,729,325)
Other School Services	5,620,899	1,053,886	465,092	-	(4,101,921)
Operations and Maintenance of Facilities	4,861,749	149,445	-	652,330	(4,059,974)
Programs with Other Schools	2,969,782	-	-	-	(2,969,782)
Debt Service - Interest	202,970	-	-	31,137	(171,833)
Total Governmental Activities	<u>\$ 66,575,237</u>	<u>\$ 2,157,727</u>	<u>\$ 11,383,782</u>	<u>\$ 683,467</u>	(52,350,261)
General Revenues:					
Member Town Assessments					20,080,033
Intergovernmental					25,475,587
Unrestricted Investment Income					<u>47,637</u>
Total General Revenues					<u>45,603,257</u>
Change in Net Position					(6,747,004)
Net Position - Beginning of Year					<u>30,335,240</u>
Net Position - End of Year					<u>\$ 23,588,236</u>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2017**

	General	Circuit Breaker	Technology (Hanson)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,215,760	\$ -	-	\$ -	\$ 2,215,760
Receivables, Net of Allowance for Uncollectible Amounts:					
Departmental and Other	-	-	-	6,480	6,480
Restricted Assets:					
Cash and Cash Equivalents	-	684,279	272,360	1,156,402	2,113,041
Total Assets	<u>\$ 2,215,760</u>	<u>\$ 684,279</u>	<u>272,360</u>	<u>\$ 1,162,882</u>	<u>\$ 4,335,281</u>
LIABILITIES					
Warrants Payable	\$ 176,608	\$ -	-	\$ 12,940	\$ 189,548
Accrued Payroll	3,214	-	-	-	3,214
Other Liabilities	182,705	-	-	-	182,705
Short-Term Notes Payable	-	-	504,000	-	504,000
Total Liabilities	<u>362,527</u>	<u>-</u>	<u>504,000</u>	<u>12,940</u>	<u>879,467</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	-	6,480	6,480
FUND BALANCES					
Restricted	-	684,279	-	1,147,574	1,831,853
Committed	750,000	-	-	-	750,000
Assigned	79,745	-	-	-	79,745
Unassigned	1,023,488	-	(231,640)	(4,112)	787,736
Total Fund Balances	<u>1,853,233</u>	<u>684,279</u>	<u>(231,640)</u>	<u>1,143,462</u>	<u>3,449,334</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,215,760</u>	<u>\$ 684,279</u>	<u>\$ 272,360</u>	<u>\$ 1,162,882</u>	<u>\$ 4,335,281</u>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Governmental Fund Balances	\$ 3,449,334
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	63,910,073
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	6,480
In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to pensions.	471,933
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.	(94,350)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and Notes Payable, Net of Unamortized Premiums	(6,326,363)
Compensated Absences	(1,411,039)
Net OPEB Obligation	(26,053,648)
Net Pension Liability	(10,364,184)
Net Position of Governmental Activities	\$ 23,588,236

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2017**

	General	Circuit Breaker	Technology (Hanson)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Member Town Assessments	\$ 20,080,033	\$ -	-	-	\$ 20,080,033
Member Town Assessments (Capital)	-	-	-	488,200	488,200
Charges for Services	-	-	-	2,152,318	2,152,318
Intergovernmental	33,455,714	734,701	-	2,426,136	36,616,551
Gifts and Donations	-	-	-	242,818	242,818
Investment Income	47,637	-	-	-	47,637
Other	-	-	-	164,130	164,130
Total Revenues	<u>53,588,538</u>	<u>734,701</u>	<u>-</u>	<u>5,473,602</u>	<u>59,796,841</u>
EXPENDITURES					
Current:					
General Administration	1,405,192	-	-	39,889	1,445,081
Instructional Services	26,983,078	-	-	3,347,161	30,330,239
Other School Services	3,473,092	-	-	1,342,628	4,815,720
Operations and Maintenance of Facilities	3,942,639	-	-	403,346	4,345,985
Employee Benefits and Other Fixed Charges	15,356,965	-	-	110,268	15,467,233
Capital Outlay	61,465	-	14,551	311,137	387,153
Programs with Other Schools	2,969,782	-	-	-	2,969,782
Debt Service:					
Principal	620,000	-	-	-	620,000
Interest	211,418	-	-	-	211,418
Total Expenditures	<u>55,023,631</u>	<u>-</u>	<u>14,551</u>	<u>5,554,429</u>	<u>60,592,611</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(1,435,093)</u>	<u>734,701</u>	<u>(14,551)</u>	<u>(80,827)</u>	<u>(795,770)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	681,284	-	129,500	-	810,784
Transfers Out	(129,500)	(681,284)	-	-	(810,784)
Total Other Financing Sources (Uses)	<u>551,784</u>	<u>(681,284)</u>	<u>129,500</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES					
	(883,309)	53,417	114,949	(80,827)	(795,770)
Fund Balances - Beginning of Year	<u>2,736,542</u>	<u>630,862</u>	<u>(346,589)</u>	<u>1,224,289</u>	<u>4,245,104</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,853,233</u>	<u>\$ 684,279</u>	<u>(231,640)</u>	<u>\$ 1,143,462</u>	<u>\$ 3,449,334</u>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - Total Governmental Funds	\$	(795,770)
<p>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 and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital Outlays		339,468
Depreciation		(2,903,805)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in deferred inflows of resources.</p>		
		255
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Bond Maturities		620,000
Amortization of Bond Premiums		31,137
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.</p>		
		8,448
<p>Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Compensated Absences		(114,057)
Net OPEB Obligation		(3,810,393)
Net Pension Liability		614,578
<p>In the statement of activities, deferred outflows and inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows and inflows related to pensions.</p>		
		<u>(736,865)</u>
Changes in Net Position of Governmental Activities	\$	<u><u>(6,747,004)</u></u>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS – STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 406,044	\$ 281,924
Investments:			
External Investment Pools	111,162	-	-
Prepaid Expenses	-	-	160
Total Assets	111,162	406,044	282,084
LIABILITIES			
Warrants Payable	-	-	1,965
Liabilities Due Depositors	-	-	280,119
Total Liabilities	-	-	\$ 282,084
NET POSITION			
Net Position Restricted for Other Postemployment Benefits and Other Purposes	\$ 111,162	\$ 406,044	

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
 FIDUCIARY FUNDS – STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2017**

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer Contributions	\$ 2,618,177	-
Private Donations	-	32,972
Total Contributions	2,618,177	32,972
Net Investment Income:		
Investment Income	11,162	1,759
Total Additions	2,629,339	34,731
DEDUCTIONS		
Benefit Payments	2,518,177	-
Scholarships Awarded	-	17,322
Total Deductions	2,518,177	17,322
CHANGE IN NET POSITION	111,162	17,409
Net Position - Beginning of Year	-	388,635
NET POSITION - END OF YEAR	\$ 111,162	\$ 406,044

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

Whitman-Hanson Regional School District (the District) was formed pursuant to Chapter 71 of the Massachusetts General Laws (MGL). The District consists of the Town of Whitman and the Town of Hanson, and is governed by the Whitman-Hanson Regional School Committee (the Committee). The Committee consists of 10 representatives elected from its member towns.

For financial reporting purposes, the basic financial statements include all funds, organizations, account groups, agencies, boards, commissions, and institutions that are not legally separate from the District.

The District has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. There are no component units that meet the requirements for inclusion in the District's basic financial statements.

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The District has entered into a joint venture with other municipalities to pool resources and shares the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific recipients. The District is a participant in the joint ventures listed below. Financial statements may be obtained from the joint ventures by contacting them directly.

Name	Purpose	Address	Fiscal Year 2017 Assessment
North River Collaborative	Special education services for students pre K - 12 grades.	198 Spring Street Rockland, MA 02370	N/A
Pilgrim Area Collaborative	Special education services for students pre K - 12 grades.	120 Centre Street Pembroke, MA 02359	N/A

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Principles

For the year ended June 30, 2017, the District implemented the following pronouncements issued by the GASB:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment to GASB Statement No. 14*
- GASB Statement No. 82, *Pension Issues – and amendment of GASB Statements No. 67, No. 68, and No. 73*

The implementation of GASB Statement No.'s 77, 78, 80, and 82 had no reporting impact for the District. The implementation of GASB Statement No. 74 enhances the District's disclosures and schedules of required supplementary information related to OPEB.

D. Government-Wide Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. The District reports Governmental activities, which are primarily supported by member town assessments and intergovernmental revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Nonmajor funds are aggregated and displayed in a single column. Fiduciary funds are reported by fund type.

E. Measurement Focus, Basis of Accounting, and Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Member town assessments and intergovernmental billings are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a specific function or segment
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment

Other revenues not identifiable as program revenues are reported as general revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

Membership assessments are apportioned amongst capital and operating costs, less intergovernmental and other revenues, and are based on student population.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *circuit breaker fund* is a special revenue fund used to account for grant reimbursements for certain costs of special education students.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The *technology (Hanson) fund* is a fund used to account for technology upgrades.

The nonmajor governmental funds consist of special revenue and capital projects funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or that will be held in trust for individuals, private organizations, or other governments.

Debt service funds are used to account for the accumulation of resources for the payment of principal and interest on long-term obligations of governmental funds.

Fiduciary funds financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government's programs. The following fiduciary fund types are reported:

The *other postemployment benefits trust fund* is used to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements under which principal and investment income exclusively benefits individuals (scholarships), private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Agency funds consist primarily of the operations of the Superintendent's office.

F. Deposits and Investments

Government-Wide and Fund Financial Statements

Cash is considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value based on quotations from a national securities exchange.

WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Departmental and Other

Departmental and Other receivables consist of tuition receivables and are recorded when billed.

The allowance for uncollectible amounts is estimated based on specific account analysis.

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

Intergovernmental receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectible accounts.

H. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and, therefore, are not reported.

I. Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

J. Capital Assets

Government-Wide Financial Statements

Capital assets, which consist of land and improvements, building and improvements, machinery and equipment, vehicles, library and textbooks, and software, are reported in the governmental activities column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction period interest is not capitalized on constructed capital assets.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Government-Wide Financial Statements (Continued)

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in Years)</u>
Building and Improvements	20-40
Machinery and Equipment	3-10
Vehicles	5
Library and Textbooks	5
Software	5

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

K. Interfund Receivables and Payables

During the course of its operations, transactions occur between funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transactions of a buyer/seller nature between funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

L. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Transfers (Continued)

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

M. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

The District has one item that qualifies for reporting in this category. Deferred outflows related to pensions are reported in the government-wide financial statements.

N. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has two items that qualify for reporting in this category. Unavailable revenue is reported on the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Also, deferred inflows related to pensions are reported in the government-wide financial statements.

O. Net Position and Fund Balances

Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Position)

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been "restricted" for the following:

"Circuit breaker" represents amounts restricted for certain costs of special education students.

"Other specific purposes" represents restrictions placed on assets from outside parties.

WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balances (Continued)

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable – represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted – represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – represents amounts that can be used only for specific purposes imposed by a formal action of School Committee, which is the highest level of decision-making authority for the District. Committed amounts may be established, modified, or rescinded only through actions approved by the School Committee.

Assigned – represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the District's structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

Unassigned – represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

P. Long-Term Debt

Government-Wide Financial Statements

Long-term debt is reported as liabilities in the government-wide statements of net position. Material bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Long-Term Debt (Continued)

Governmental Funds Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as administration (support services) expenditures.

Q. Investment Income

Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from trust funds is retained with the respective fund.

R. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws, and executive policies.

Government-Wide Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

S. 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 Plymouth County Retirement Association (PCRA), and additions to/deductions from PCRA's fiduciary net position have been determined on the same basis as they are reported by PCRA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 10, the District provides health and life insurance coverage for retirees and their spouses.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

V. Total Column

Fund Financial Statements

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Committee. The Superintendent of Schools presents an annual budget to the Committee, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Committee, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by two-thirds majority vote.

Subsequent to the Committee's approval, the budget is presented to the member towns. The budget is accepted by majority Town Meeting approval and must be approved by two-thirds of the District's members.

Increases in the budget subsequent to the approval of the annual budget require majority Committee approval.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending authorized. However, the District is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information (Continued)

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2017 approved budget for the general fund authorized \$46,914,344 in appropriations. During fiscal year 2017, increases in appropriations totaling \$96,081 for the general fund were authorized.

The Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

The budgetary comparison schedules presented in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

B. Fund Deficits

At June 30, 2017, the following fund deficits exist:

Fund	Amount	Funding Source
Technology Warrant Article Hanson (BAN)	\$ 231,640	Issuance of Debt
Whitman Capital Repairs	4,112	Assessments/Available Funds

NOTE 3 DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the District to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. Treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of private purpose trust funds are held separately from other District funds.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits – 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 recovered. The District does not have a policy for custodial credit risk of deposits. As of June 30, 2017, \$183,443 of the District's bank balance of \$4,168,426 was uninsured and uncollateralized and therefore exposed to custodial credit risk.

Investments Summary

The District's investments at June 30, 2017 consisted of external investment pools with maturities of less than one year in the amount of \$2,672,407.

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The District does not have a policy for interest rate risk of debt securities. As of June 30, 2017, the District was not exposed to interest rate risk.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk of investments. As of June 30, 2017, the District was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The District does not have a policy for credit risk of debt securities. As of June 30, 2017, the District's investments in debt securities were unrated by a national credit rating organization.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a policy for concentration of credit risk. As of June 30, 2017, the District was not exposed to concentration of credit risk.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2017, the District did not have any investments that were required to be reported in the fair value hierarchy.

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2017, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, were as follows:

	Gross Amount	Allowance	Net Amount
<u>Receivables</u> Departmental and Other	\$ 34,992	\$ (28,512)	\$ 6,480
	\$ 34,992	\$ (28,512)	\$ 6,480

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 154,570	\$ -	\$ -	\$ 154,570
Capital Assets Being Depreciated:				
Building and Improvements	101,839,354	313,203	-	102,152,557
Machinery and Equipment	6,014,379	-	-	6,014,379
Vehicles	408,301	26,265	-	434,566
Library and Textbooks	3,752,155	-	-	3,752,155
Software	2,054,408	-	-	2,054,408
Total Capital Assets Being Depreciated	114,068,597	339,468	-	114,408,065
Less Accumulated Depreciation For:				
Building and Improvements	(38,085,244)	(2,477,900)	-	(40,563,144)
Machinery and Equipment	(4,473,097)	(202,652)	-	(4,675,749)
Vehicles	(296,026)	(50,435)	-	(346,461)
Library and Textbooks	(3,045,355)	(63,621)	-	(3,108,976)
Software	(1,849,035)	(109,197)	-	(1,958,232)
Total Accumulated Depreciation	(47,748,757)	(2,903,805)	-	(50,652,562)
Total Capital Assets Being Depreciated, Net	66,319,840	(2,564,337)	-	63,755,503
Total Governmental Activities Capital Assets, Net	<u>\$ 66,474,410</u>	<u>\$ (2,564,337)</u>	<u>\$ -</u>	<u>\$ 63,910,073</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities</u>	
General Administration	\$ 39,773
Instructional Services	2,789,200
Operating Maintenance Buildings	72,205
School Services	2,627
Total Depreciation Expense - Governmental Activities	<u>\$ 2,903,805</u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2017 are summarized as follows:

<u>Transfers Out:</u>	Transfers In:		<u>Total</u>
	General Fund	Technology (Hanson) Fund	
General Fund	\$ -	\$ 129,500	\$ 129,500 (1)
Circuit Breaker Fund	681,284	-	681,284 (2)
	\$ 681,284	\$ 129,500	\$ 810,784

- (1) Represents transfer in for payment of BAN in Technology (Hanson) fund.
- (2) Represents budgeted transfer from the Circuit Breaker Fund to the general fund for special education.

NOTE 7 SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the general fund.

Details related to the short-term debt activity for the fiscal year ended June 30, 2017 is as follows:

<u>Type</u>	<u>Purpose</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance at June 30, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2017</u>
BAN	School Technology	10/21/15	10/21/16	0.65%	\$ 633,500	\$ -	\$ (633,500)	\$ -
BAN	School Technology	10/21/16	10/21/17	0.95%	-	504,000	-	504,000
	Total				\$ 633,500	\$ 504,000	\$ (633,500)	\$ 504,000

Subsequent Events

On October 21, 2017, the District issued BAN's totaling \$374,500 at an interest rate of 1.35%, and maturing on October 19, 2018. The BAN issuance represents a renewal of BANs outstanding at June 30, 2017; the remaining BAN payable was retired.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
<u>Governmental Activities</u>					
Bonds and Notes Payable	\$ 6,635,000	\$ -	\$ (620,000)	\$ 6,015,000	\$ 615,000
Unamortized Bond Premiums	342,500	-	(31,137)	311,363	31,137
Total Bonds and Notes Payable	6,977,500	-	(651,137)	6,326,363	646,137
Net OPEB Obligation	22,243,255	6,428,570	(2,618,177)	26,053,648	-
Net Pension Liability	10,978,762	-	(614,578)	10,364,184	-
Compensated Absences	1,296,982	114,057	-	1,411,039	141,104
Total	<u>\$ 41,496,499</u>	<u>\$ 6,542,627</u>	<u>\$ (3,883,892)</u>	<u>\$ 44,155,234</u>	<u>\$ 787,241</u>

The general fund liquidates the District's long-term liabilities.

NOTE 9 LONG-TERM DEBT

Details related to the District's outstanding indebtedness at June 30, 2017, and the future debt service requirements, are as follows:

Project	Maturity Date	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
School Building Construction	01/01/27	2.00 - 4.00%	\$ 6,635,000	\$ -	\$ (620,000)	\$ 6,015,000
Subtotal			6,635,000	-	(620,000)	6,015,000
Unamortized Premiums			342,500	-	(31,137)	311,363
Total			<u>\$ 6,977,500</u>	<u>\$ -</u>	<u>\$ (651,137)</u>	<u>\$ 6,326,363</u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Debt service requirements for principal and interest for governmental bonds payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 615,000	\$ 188,700	\$ 803,700
2019	615,000	164,100	779,100
2020	615,000	139,500	754,500
2021	615,000	114,900	729,900
2022	615,000	90,300	705,300
2023	615,000	65,700	680,700
2024	600,000	53,400	653,400
2025	585,000	41,400	626,400
2026	575,000	27,360	602,360
2027	565,000	13,560	578,560
Total	<u>\$ 6,015,000</u>	<u>\$ 898,920</u>	<u>\$ 6,913,920</u>

The District is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2017, the District had no authorized and unissued debt.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone, GAAP-basis audited financial report

Plan assets are managed by Plymouth County with the County Treasurer serving as the custodian of the fund. Investment policies and objectives are established by an investment committee consisting of 5 persons comprised of a representative sample from participating member units.

Plan membership as of June 30, 2017 is as follows:

Active employees	454
Inactive employees or beneficiaries currently receiving benefits	<u>445</u>
Total	<u><u>899</u></u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits provided – The District provides health insurance coverage for its retirees and survivors. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions.

Contributions – The contribution requirements of Plan members and the District are established and may be amended by the District. The required health and dental insurance contribution rates of Plan members and the District are 10-40% and 60-90%, respectively. The Plan members contribute 10-50% and the District contributes 50-90%, respectively, towards a \$2,000 term life insurance premium. The District currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the District.

For the fiscal year ended June 30, 2017, the employer contributions totaled \$2,618,177. The Trust did not receive contributions from any other sources.

Net Other Post Employment Benefits Liability (Plan)

The components of the net OPEB liability of the Plan as of June 30, 2017, were as follows:

Total OPEB Liability	\$ 88,158,289
Fiduciary Net Position	(111,162)
Net OPEB Liability	<u>\$ 88,047,127</u>

Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.13%
--	-------

The OPEB trust fund reported in the fiduciary funds financial statements is reported using the flow of economic resources measurement focus and uses the accrual basis of accounting. Contributions are recognized as additions in the period when they become due pursuant to formal commitments, statutory or contractual requirements. Benefits and refunds are recognized as deductions when incurred.

Methods and Assumptions – Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effect of legal or contractual funding limitations, are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and Plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The significant methods and assumptions used to measure the total OPEB liability as of the latest actuarial valuation are as follows:

Valuation Date:	July 1, 2016
Actuarial Cost Method:	Individual Entry Age Normal
Amortization Method:	Amortized as level dollar amount over 30 years at the last valuation
Remaining Amortization Period:	22 years at July 1, 2016
Asset Valuation Method:	Market Value
Investment Rate of Return:	6.83%, net of OPEB plan investment expense, including inflation.
Single Equivalent Discount Rate:	3.25%, net of OPEB plan investment expense, including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return for funded periods
Inflation:	2.75% Annually
Healthcare/Medical Cost Trend Rate:	5.0% Annually
Salary Increases:	3.00% Annually
Pre-Retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-Retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality:	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2012 for males and females

Investment Policies and Rates of Return – The OPEB trust fund investments are in the Plymouth County OPEB Trust Investment Pool, an external investment pool.

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 15.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	25.00%	4.00%
Domestic Equity - Small/Mid Cap	11.00%	6.00%
International Equity - Developed Market	27.00%	4.50%
International Equity - Emerging Market	7.00%	7.00%
Domestic Fixed Income	15.00%	2.00%
International Fixed Income	5.00%	3.00%
Alternatives	2.50%	6.50%
Real Estate	7.50%	6.25%
Cash	0.00%	0.00%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total OPEB liability was 3.25%. The discount rate was selected using a blend of the Municipal Bond Index Rate (3.13% at June 30, 2017) for unfunded periods and the Investment Rate of Return (6.83% at June 30, 2017) for funded periods.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability calculated using the discount rate of 3.25%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.25%) or 1-percentage-point higher (4.25%) than the current rate:

	<u>1% Decrease (2.25%)</u>	<u>Current Discount Rate (3.25%)</u>	<u>1% Increase (4.25%)</u>
Net OPEB Liability	\$ 104,798,595	\$ 88,047,127	\$ 75,003,951

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	<u>1% Decrease (4.00%)</u>	<u>Current Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Net OPEB Liability	\$ 70,514,551	\$ 88,047,127	\$ 110,976,416

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net Other Post Employment Benefits Liability (District)

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table identifies the components of the District's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the District's net OPEB obligation:

	<u>Amount</u>
Annual Required Contribution	\$5,538,362
Interest on Net OPEB Obligation	889,731
Adjustment to Annual Required Contribution	(1,236,856)
Amortization of Actuarial (Gains)/Losses	<u>1,237,333</u>
Annual OPEB Cost	6,428,570
Contributions Made	<u>(2,618,177)</u>
Increase in Net OPEB Obligation	3,810,393
Net OPEB Obligation - Beginning of Year	<u>22,243,255</u>
Net OPEB Obligation - End of Year	<u><u>\$ 26,053,648</u></u>

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 6,428,570	40.7%	\$ 26,053,648
2016	5,084,213	42.9%	22,243,255
2015	4,851,701	43.8%	19,342,622

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the Plan at July 1, 2016, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/16	\$ -	\$ 75,259,412	\$ 75,259,412	0.00%	\$ 29,043,484	259.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The significant methods and assumptions in determining the annual required contribution as of the latest actuarial valuation are as follows:

Valuation Date:	July 1, 2016
Actuarial Cost Method:	Individual Entry Age Normal
Amortization Method:	Amortized as level dollar amount over 30 years at the last valuation
Remaining Amortization Period:	22 years at July 1, 2016
Inflation:	2.75% Annually
Discount Rate:	4.00%
Healthcare/Medical Cost Trend Rate:	5.0%
Projected Salary Increases:	3.0% Annually

Allocation of AOPEBC

AOPEBC costs were allocated to the District's functions as follows:

General Administration	\$ 218,571
Instructional Services	5,811,427
Other School Services	276,429
Operations and Maintenance	122,143
Total AOPEBC	<u>\$ 6,428,570</u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 FUND BALANCES

The constraints on fund balances as listed in aggregate in the governmental funds balance sheet are detailed as follows:

	General	Circuit Breaker	Technology (Hanson)	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:					
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Circuit Breaker	-	684,279	-	-	684,279
General Administration	-	-	-	30,131	30,131
Instructional Services	-	-	-	447,496	447,496
Other School Services	-	-	-	451,144	451,144
Operating Maintenance Buildings	-	-	-	174,503	174,503
Capital	-	-	-	44,300	44,300
Sub-total - Restricted	-	684,279	-	1,147,574	1,831,853
Committed:					
Subsequent Year's Expenditures	750,000	-	-	-	750,000
Assigned:					
General Administration	14,000	-	-	-	14,000
Instructional Services	46,359	-	-	-	46,359
Other School Services	626	-	-	-	626
Operating Maintenance Buildings	18,760	-	-	-	18,760
Sub-Total -Assigned	79,745	-	-	-	79,745
Unassigned	1,023,488	-	(231,640)	(4,112)	787,736
Total	\$ 1,853,233	\$ 684,279	\$ (231,640)	\$ 1,143,462	\$ 3,449,334

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12 RISK FINANCING

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The amount of claims settlements has not exceeded insurance coverage in any of the previous three fiscal years.

Health Insurance

The District participates in a health insurance risk pool administered by the Mayflower Municipal Health Group (the Group). The Group offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. The District is obligated to pay the Group its required premiums and, in the event the Group is terminated, its proportionate share of a deficit, should one exist. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

Workers' Compensation

The District participates in a premium-based workers' compensation policy for all employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

NOTE 13 PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the District deemed eligible by the Plymouth County Retirement Association Board are provided with pensions through the PCRA – a cost-sharing multiple-employer defined benefit pension plan administered by the Plymouth County Retirement Association Board. Membership in the PCRA is mandatory immediately upon the commencement of employment for all permanent, full time employees (except for school department employees who serve in a teaching capacity). The PCRA issues a publicly available financial report that can be obtained by contacting the PCRA located at 10 Cordage Park Circle, Suite 234, Plymouth, Massachusetts, 02360.

Benefits provided. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 13 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Members become vested after 10 years of creditable service. A retirement allowance may be received upon reaching 20 years of service or upon reaching the age of 65. Normal retirement for most employees occurs at age 65. The Association also provides death and disability benefits. The Association also provides early retirement at age 55 if the participant (1) has a record of 10 years of creditable service (2) was on the Association payroll on January 1, 1978, (3) voluntarily left Association employment on or after that date, and (4) left accumulated annuity deductions in the fund.

Contributions. Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. The contributions rates for active members are pursuant to statute. Active members contribute 5, 7, 8, or 9% of their gross regular compensation depending on the date upon which their membership began and certain employees contribute an additional 2% over \$30,000 of annual compensation. Deductions are deposited in the annuity savings fund and earn interest at a rate determined by the Public Employee Retirement Administration Commission (PERAC) actuary. When a member's retirement becomes effective their deduction and related interest are transferred to the annuity reserve fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are the responsibility of the Commonwealth and deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are the responsibility of the system. The percentage rate is keyed to the date upon which an employee's membership commences.

Employers are required to pay into the PCRA its share of the system-wide actuarial determined contribution that is apportioned among the employers. Contributions to the pension plan from the District were \$1,075,550 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$10,364,184 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The District proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives, and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll. At December 31, 2016, the District's proportion was 1.636%.

For the year ended June 30, 2017, the District recognized pension expense of \$1,197,837. At June 30, 2017, the District reported deferred outflows of resources related to pension of \$1,270,895 for differences between projected and actual earnings and deferred inflows of resources related to pensions of \$798,962 for changes in proportion.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 13 PENSION PLAN (CONTINUED)

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2018	\$ 203,720
2019	203,720
2020	93,798
2021	(29,305)

Actuarial assumptions. The total pension liability was determined using the following actuarial assumptions:

Salary Increases	3.75%
Mortality Rates:	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

The investment objective is to fully fund the Plan by generating sufficient long-term inflation adjusted capital appreciation while providing sufficient liquidity to meet short-term withdrawal requirements. The Board desires to balance the goal of higher long-term returns with the goal of minimizing contribution volatility, recognizing these are often competing goals. This requires taking both assets and liabilities into account when setting investment strategy. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 13 PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	26.50%	7.50%
Developed Markets Equity	16.00%	7.30%
Emerging Markets Equity	4.00%	9.80%
Core Bonds	11.50%	4.20%
Foreign Bonds	3.00%	2.40%
Emerging Markets Bonds	4.00%	5.50%
High Yield Bonds	4.00%	6.00%
Bank Loans	3.00%	5.50%
Private Equity	10.00%	9.60%
Real Estate	10.00%	6.90%
Natural Resources	1.00%	7.00%
Infrastructure	2.00%	7.80%
Hedge fund of Funds	4.00%	5.30%
Cash	1.00%	2.80%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 8.00%. The discount rate was selected based on a projection of employer and employee contributions benefit payments, expenses and the long term expected rate of return on trust assets. Under Chapter 32 of the Massachusetts General Law, employers are required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2040.

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 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Increase (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 12,955,550	\$ 10,364,184	\$ 8,155,146

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PCRA financial report.

WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

Benefits provided. MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions. The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the District is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

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

Since the District does not contribute directly to MTRS, the District does not report a proportionate share of the net pension liability of the MTRS at June 30, 2017. The Commonwealth's net pension liability associated with the District was \$78,231,514.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 14 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)**

The MTRS' net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016.

For the year ended June 30, 2017, the District recognized pension expense of \$7,980,127 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016. This valuation used the following assumptions:

Investment rate of return:	7.50%
Salary increases:	Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service
Mortality Rates:	Pre-retirement - reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct) Post-retirement - reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 (gender distinct) Disability - reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and base year 2014 set forward four years
Other	3.5% interest rate credited to the annuity savings fund 3.0% cost of living increase per year

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 14 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	40%	6.9%
Core Fixed Income	13%	1.6%
Private Equity	10%	8.7%
Real Estate	10%	4.6%
Value Added Fixed Income	10%	4.8%
Hedge Funds	9%	4.0%
Portfolio Completion Strategies	4%	3.6%
Timber/Natural Resources	4%	5.4%
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements.

NOTE 15 CONTINGENCIES

Various legal actions and claims are pending against the District. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the District at June 30, 2017.

The District participates in a number of federal award programs. Although the grant programs have been audited in accordance with the Uniform Grant Guidance through June 30, 2017, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (NON-GAAP BUDGETARY BASIS) – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2017**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Member Town Assessments	\$ -	\$ 20,080,033	\$ -	\$ 20,080,033
Intergovernmental	-	25,124,311	164,797	25,289,108
Investment Income	-	10,000	-	10,000
Total Revenues	<u>-</u>	<u>45,214,344</u>	<u>164,797</u>	<u>45,379,141</u>
EXPENDITURES				
Current:				
General Administration	28,852	1,261,212	148,924	1,438,988
Instructional Services	133,460	26,234,794	754,519	27,122,773
Other School Services	7,978	3,386,315	94,052	3,488,345
Operations and Maintenance of Facilities	76,707	4,190,911	(272,520)	3,995,098
Employee Benefits and Other Fixed Charges	101,500	7,204,255	77,389	7,383,144
Capital Outlay	61,465	-	-	61,465
Programs with Other Schools	126	3,675,939	(706,283)	2,969,782
Debt Service - Principal	-	749,500	-	749,500
Debt Service - Interest	-	211,418	-	211,418
Total Expenditures	<u>410,088</u>	<u>46,914,344</u>	<u>96,081</u>	<u>47,420,513</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(410,088)	(1,700,000)	68,716	(2,041,372)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	750,000	(68,716)	681,284
Total Other Financing Sources (Uses)	<u>-</u>	<u>750,000</u>	<u>(68,716)</u>	<u>681,284</u>
NET CHANGE IN FUND BALANCE	(410,088)	(950,000)	-	(1,360,088)
Fund Balance - Beginning of Year	<u>2,736,542</u>	<u>2,736,542</u>	<u>2,736,542</u>	<u>2,736,542</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,326,454</u>	<u>\$ 1,786,542</u>	<u>\$ 2,736,542</u>	<u>\$ 1,376,454</u>

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 20,080,033	\$ -	\$ 20,080,033	\$ -
25,475,587	-	25,475,587	186,479
47,637	-	47,637	37,637
<u>45,608,411</u>	<u>-</u>	<u>45,608,411</u>	<u>229,270</u>
1,405,192	14,000	1,419,192	19,796
26,983,078	46,359	27,029,437	93,336
3,473,092	626	3,473,718	14,627
3,942,639	18,760	3,961,399	33,699
7,376,838	-	7,376,838	6,306
61,465	-	61,465	-
2,969,782	-	2,969,782	-
749,500	-	749,500	-
211,418	-	211,418	-
<u>47,173,004</u>	<u>79,745</u>	<u>47,252,749</u>	<u>167,764</u>
(1,564,593)	(79,745)	(1,644,338)	397,034
<u>681,284</u>	<u>-</u>	<u>681,284</u>	<u>-</u>
<u>681,284</u>	<u>-</u>	<u>681,284</u>	<u>-</u>
(883,309)	(79,745)	(963,054)	397,034
<u>2,736,542</u>	<u>2,736,542</u>	<u>2,736,542</u>	<u>-</u>
<u>\$ 1,853,233</u>	<u>\$ 2,656,797</u>	<u>\$ 1,773,488</u>	<u>\$ 397,034</u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

PENSION PLAN SCHEDULES

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PLYMOUTH COUNTY RETIREMENT ASSOCIATION (1) (2)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	1.636%	1.731%	1.731%
District's Proportionate Share of the Net Pension Liability	10,364,184	10,978,762	10,090,419
District's Covered Payroll	4,756,618	4,337,258	4,180,490
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	217.89%	253.13%	241.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.3%	56.8%	58.9%

(1) Amounts presented were determined as of December 31

(2) Data is being accumulated annually to present 10 years of the reported information

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PLYMOUTH COUNTY RETIREMENT ASSOCIATION (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution *	\$ 1,075,550	\$ 1,057,651	\$ 974,781
Contributions in Relation to the Actuarially Required Contribution	<u>(1,075,550)</u>	<u>(1,057,651)</u>	<u>(974,781)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 4,756,618	\$ 4,337,258	\$ 4,180,490
Contributions as a Percentage of Covered Payroll	22.61%	24.39%	23.32%

*Contribution is reported net of discount for lump sum payment

(1) Data is being accumulated annually to present 10 years of the reported information

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

**SCHEDULE OF SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (1) (2)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Share of Net Pension Liability	\$ 78,231,514	\$ 74,111,309	\$ 57,720,753
Commonwealth's Share of the District's Net Pension Liability	<u>(78,231,514)</u>	<u>(74,111,309)</u>	<u>(57,720,753)</u>
District's Net Pension Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	 52.73%	 55.38%	 61.64%

(1) Amounts presented were determined as of June 30

(2) Data is being accumulated annually to present 10 years of the reported information

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS (PLAN) (1)**

	2017
Total OPEB Liability	
Service Cost	\$ 2,606,656
Interest	2,814,907
Benefit Payments	(2,518,177)
Net Change in Total OPEB Liability	2,903,386
Total OPEB Liability - Beginning of Period	85,254,903
Total OPEB Liability - End of Period (a)	\$ 88,158,289
Plan Fiduciary Net Position	
Contributions - Employer	2,618,177
Net Investment Income	11,162
Benefit Payments	(2,518,177)
Net Change in Plan Fiduciary net Position	111,162
Plan Fiduciary Net Position - Beginning of Period	-
Plan Fiduciary Net Position - End of Period (b)	111,162
District's Net OPEB Liability - Ending (a) - (b)	\$ 88,047,127
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.13%
Covered Payroll	\$ 29,043,484
Net OPEB Liability as a Percentage of Covered Payroll	303.16%

(1) Data is being accumulated annually to present 10 years of the reported information

SCHEDULE OF CONTRIBUTIONS (PLAN) (1)

	2017
Actuarially Required Contribution	\$ 6,428,570
Contributions in Relation to the Actuarially Required Contribution	(2,618,177)
Contribution Deficiency (Excess)	\$ 3,810,393
District's Covered Payroll	\$ 29,043,484
Contributions as a Percentage of Covered Payroll	9.01%

(1) Data is being accumulated annually to present 10 years of the reported information

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

SCHEDULE OF INVESTMENT RETURNS (PLAN) (1)

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	<u><u>15.2%</u></u>

(1) Data is being accumulated annually to present 10 years of the reported information

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

NOTE 1 BUDGETARY – GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2017 is presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary basis as reported on the schedule of revenues, expenditures, and changes in fund balance - budget and actual	\$ 45,608,411	\$ 47,252,749	\$ 681,284	\$ 1,773,488
Adjustments and Reclassifications:				
To reord MTRS on-behalf payments	7,980,127	7,980,127	-	-
Reclassification of Transfer for GAAP Purposes	-	(129,500)	(129,500)	-
To Record Encumbrances and Continuing Appropriations	-	(79,745)	-	79,745
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 53,588,538</u>	<u>\$ 55,023,631</u>	<u>\$ 551,784</u>	<u>\$ 1,853,233</u>