

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING





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## 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, 2018, 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.

### ***Auditors' 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 auditors' 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, 2018, 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.

**Emphasis of Matter**

During the fiscal year ended June 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. As a result, the District reported a restatement for a change in accounting principle (see Note 1). Our auditors' opinion was not modified with respect to the restatement.

**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 48 through 54) 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 January 2, 2019 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  
January 2, 2019

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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, 2018.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of at the close of the most recent fiscal year by \$40,239,189 (Net Position).
- Retroactive implementation of GASB 75 resulted in the restatement of the District's beginning net position by \$59,101,255. See Note 1.
- The District's total net position decreased by \$4,726,170.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$994,676, or 1.7% of total general fund revenues and other financing sources.
- The District redeemed \$615,000 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 nonfiduciary 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, 2018**

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 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 postemployment 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, 2018**

**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 17-47 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 48-54 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 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$40,239,189 at the close of the fiscal year and are summarized as follows:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017*</u>
<b>Assets</b>		
Current Assets	\$ 3,506,496	\$ 4,335,282
Capital Assets, Net	62,109,344	63,910,073
Total Assets	<u>65,615,840</u>	<u>68,245,355</u>
<b>Deferred Outflows of Resources</b>	<u>241,076</u>	<u>1,270,895</u>
<b>Liabilities</b>		
Current Liabilities, Excluding Debt	1,010,246	610,922
Noncurrent Liabilities, Excluding Debt	98,116,721	96,789,022
Current Debt	1,020,637	1,150,137
Noncurrent Debt	5,034,089	5,680,226
Total Liabilities	<u>105,181,693</u>	<u>104,230,307</u>
<b>Deferred Inflows of Resources</b>	<u>914,412</u>	<u>798,962</u>
<b>Net Position</b>		
Net Investment in Capital Assets	56,238,495	57,401,304
Restricted	1,116,986	1,835,805
Unrestricted	<u>(97,594,670)</u>	<u>(94,750,128)</u>
Total Net Position	<u>\$ (40,239,189)</u>	<u>\$ (35,513,019)</u>

\* As restated (see Note 1)

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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 \$97,594,670. Such resources have been consumed with the recognition of both postretirement benefit liabilities and pension liabilities.

**Changes in Net Position**

For the fiscal year ended June 30, 2018, the District's total net position decreased by \$4,726,170, compared to a decrease of \$6,747,004 in the prior fiscal year. These amounts are summarized as follows:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017*</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 1,983,018	\$ 2,157,727
Operating Grants and Contributions	12,030,447	11,383,782
Capital Grants and Contributions	1,105,307	683,467
General Revenues:		
Member Town Assessments	21,664,291	20,080,033
Intergovernmental	25,750,954	25,475,587
Unrestricted Investment Income	85,589	47,637
Total Revenues	<u>62,619,606</u>	<u>59,828,233</u>
<b>Expenses</b>		
General Administration	2,072,816	2,354,926
Instructional Services	50,926,959	50,564,911
Other School Services	5,695,022	5,620,899
Operating Maintenance Buildings	4,861,224	4,861,749
Programs with Other Schools	3,609,704	2,969,782
Debt Service - Interest	180,051	202,970
Total Expenses	<u>67,345,776</u>	<u>66,575,237</u>
Change in Net Position	(4,726,170)	(6,747,004)
Net Position - Beginning of Year	<u>(35,513,019)</u>	<u>(28,766,015)</u>
Net Position - End of Year	<u>\$ (40,239,189)</u>	<u>\$ (35,513,019)</u>

\* As restated (see Note 1)

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**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 \$2,316,570, a decrease of \$1,132,764 in comparison with the prior year. Approximately \$739,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Restricted (\$1,088,313)
- Committed (\$450,000)
- Assigned (\$38,956)

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 \$994,676, while total fund balance was \$1,483,632. 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 1.7% of total general fund revenues and other financing sources, while total fund balance represents 2.6% of that same amount.

The fund balance of the District's general fund decreased \$369,601 during the current fiscal year. The District anticipated utilizing approximately \$803,000 of reserves in fiscal year 2018; however, the District ultimately recognized an approximate \$394,000 budgetary surplus.

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

The fund balance of the technology (Hanson) fund decreased \$12,285 during the current fiscal year. The fund incurred \$141,785 of expenditures and received \$129,500 of transfers from the general fund.

**General Fund Budgetary Highlights**

The original general fund budget was \$48,688,029 and \$79,745 of appropriations were carried over from the prior year. The carried forward budget of \$79,745 was decreased by \$27,209 during the fiscal year for reversions of prior year encumbrances.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets at the end of the fiscal year totaled \$62,109,344 (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 \$1,800,729 or 2.8%.

The major capital asset event that occurred during the current fiscal year involved Whitman/Hanson Building Improvements totaling approximately \$858,000.

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

	Governmental Activities	
	2018	2017
Land Improvements	\$ 154,570	\$ 154,570
Construction in Progress	209,444	-
Building and Improvements	59,952,012	61,589,413
Machinery and Equipment	1,141,419	1,338,630
Vehicles	48,808	88,105
Library and Text Books	579,558	643,179
Software	23,533	96,176
Total Capital Assets	\$ 62,109,344	\$ 63,910,073

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 \$5,400,000, 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 \$615,000 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, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 274,083
Restricted Cash and Cash Equivalents	996,674
Receivables, Net of Allowance for Uncollectible Amounts:	
Departmental and Other	29,653
Intergovernmental	2,206,086
Total Current Assets	<u>3,506,496</u>
Noncurrent Assets:	
Capital Assets Not Being Depreciated	364,014
Capital Assets, Net of Accumulated Depreciation	61,745,330
Total Noncurrent Assets	<u>62,109,344</u>
Total Assets	<u>65,615,840</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to OPEB	50,000
Related to Pension	191,076
Total Deferred Outflows of Resources	<u>241,076</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Warrants Payable	466,497
Accrued Payroll	120,324
Other Liabilities	198,953
Accrued Interest	80,926
Compensated Absences	143,546
Short-Term Notes Payable	374,500
Long-Term Bonds and Notes Payable	646,137
Total Current Liabilities	<u>2,030,883</u>
Noncurrent Liabilities:	
Compensated Absences	1,291,913
Net OPEB Liability	88,047,131
Net Pension Liability	8,777,677
Long-Term Bonds and Notes Payable	5,034,089
Total Noncurrent Liabilities	<u>103,150,810</u>
Total Liabilities	<u>105,181,693</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to OPEB	6,242
Related to Pension	908,170
Total Deferred Inflows of Resources	<u>914,412</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	56,238,495
Restricted for:	
Other Specific Purposes	1,116,986
Unrestricted	(97,594,670)
Total Net Position	<u>\$ (40,239,189)</u>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
General Administration	\$ 2,072,816	\$ 12,501	\$ -	\$ -	\$ (2,060,315)
Instructional Services	50,926,959	815,092	11,630,110	-	(38,481,757)
Other School Services	5,695,022	1,024,710	400,337	-	(4,269,975)
Operations and Maintenance of Facilities	4,861,224	130,715	-	1,074,170	(3,656,339)
Programs with Other Schools	3,609,704	-	-	-	(3,609,704)
Debt Service - Interest	180,051	-	-	31,137	(148,914)
<b>Total Governmental Activities</b>	<b>\$ 67,345,776</b>	<b>\$ 1,983,018</b>	<b>\$ 12,030,447</b>	<b>\$ 1,105,307</b>	<b>(52,227,004)</b>
<b>General Revenues:</b>					
					21,664,291
					25,750,954
					85,589
					<b>47,500,834</b>
					(4,726,170)
					23,588,236
					(59,101,255)
					<b>\$ (40,239,189)</b>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS – BALANCE SHEET  
JUNE 30, 2018**

	General	Technology (Hanson)	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 274,083	\$ -	\$ -	\$ 274,083
Receivables, Net of Allowance				
Departmental and Other	-	-	29,653	29,653
Intergovernmental	1,961,869	-	244,218	2,206,087
Restricted Assets:				
Cash and Cash Equivalents	-	130,575	866,099	996,674
<b>Total Assets</b>	<b>\$ 2,235,952</b>	<b>\$ 130,575</b>	<b>\$ 1,139,970</b>	<b>\$ 3,506,497</b>
<b>LIABILITIES</b>				
Warrants Payable	\$ 433,042	\$ -	\$ 33,454	\$ 466,496
Accrued Payroll	120,324	-	-	120,324
Other Liabilities	198,954	-	-	198,954
Short-Term Notes Payable	-	374,500	-	374,500
<b>Total Liabilities</b>	<b>752,320</b>	<b>374,500</b>	<b>33,454</b>	<b>1,160,274</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	29,653	29,653
<b>FUND BALANCES</b>				
Restricted	-	-	1,088,313	1,088,313
Committed	450,000	-	-	450,000
Assigned	38,956	-	-	38,956
Unassigned	994,676	(243,925)	(11,450)	739,301
<b>Total Fund Balances</b>	<b>1,483,632</b>	<b>(243,925)</b>	<b>1,076,863</b>	<b>2,316,570</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 2,235,952</b>	<b>\$ 130,575</b>	<b>\$ 1,139,970</b>	<b>\$ 3,506,497</b>

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, 2018**

Total Governmental Fund Balances	\$ 2,316,570
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	62,109,344
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	29,653
In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to pensions.	(717,095)
In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to OPEB.	43,758
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.	(80,926)
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	(5,680,226)
Compensated Absences	(1,435,459)
Net OPEB Liability	(88,047,131)
Net Pension Liability	<u>(8,777,677)</u>
Net Position of Governmental Activities	<u>\$ (40,239,189)</u>

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, 2018**

	General	Technology (Hanson)	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Member Town Assessments	\$ 21,664,291	\$ -	\$ -	\$ 21,664,291
Member Town Assessments (Capital)	-	-	1,052,704	1,052,704
Charges for Services	-	-	1,959,120	1,959,120
Intergovernmental	34,515,608	-	3,077,459	37,593,067
Gifts and Donations	-	-	189,059	189,059
Investment Income	85,589	-	-	85,589
Other	-	-	21,466	21,466
Total Revenues	<u>56,265,488</u>	<u>-</u>	<u>6,299,808</u>	<u>62,565,296</u>
<b>EXPENDITURES</b>				
Current:				
General Administration	1,352,731	-	43,146	1,395,877
Instructional Services	27,357,042	-	3,511,917	30,868,959
Other School Services	3,586,877	-	1,339,702	4,926,579
Operations and Maintenance of Facilities	4,017,949	-	369,348	4,387,297
Employee Benefits and Other Fixed Charges	16,522,811	-	105,352	16,628,163
Capital Outlay	-	141,785	931,221	1,073,006
Programs with Other Schools	3,609,704	-	-	3,609,704
Debt Service:				
Principal	615,000	-	-	615,000
Interest	193,475	-	-	193,475
Total Expenditures	<u>57,255,589</u>	<u>141,785</u>	<u>6,300,686</u>	<u>63,698,060</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(990,101)</u>	<u>(141,785)</u>	<u>(878)</u>	<u>(1,132,764)</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Transfers In	750,000	129,500	-	879,500
Transfers Out	(129,500)	-	(750,000)	(879,500)
Total Other Financing Sources (Uses)	<u>620,500</u>	<u>129,500</u>	<u>(750,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(369,601)	(12,285)	(750,878)	(1,132,764)
Fund Balances - Beginning of Year	<u>1,853,233</u>	<u>(231,640)</u>	<u>1,827,741</u>	<u>3,449,334</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,483,632</u>	<u>\$ (243,925)</u>	<u>\$ 1,076,863</u>	<u>\$ 2,316,570</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, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$ (1,132,764)
<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	1,068,291
Depreciation	(2,869,020)
<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>	
	23,172
<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	615,000
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>	
	13,424
<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	(24,420)
Net OPEB Liability	(2,792,228)
Net Pension Liability	1,586,507
<p>In the statement of activities, deferred outflows and inflows related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred outflows and inflows related to OPEB.</p>	
	(56,242)
<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>(1,189,027)</u>
Changes in Net Position of Governmental Activities	<u><u>\$ (4,726,170)</u></u>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS – STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2018**

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 18,233	\$ 265,956
Investments:			
U.S. Agencies	-	110,741	-
Certificates of Deposits	-	102,356	-
Corporate Bonds	-	93,458	-
U.S. Treasuries	-	59,742	-
Equity Securities	-	19,062	-
External Investment Pools	178,278	-	-
Prepaid Expenses	-	-	8,314
	178,278	403,592	274,270
<b>LIABILITIES</b>			
Warrants Payable	-	-	9,752
Liabilities Due Depositors	-	-	264,518
Total Liabilities	-	-	\$ 274,270
<b>NET POSITION</b>			
Net Position Restricted for Other Postemployment Benefits and Other Purposes	\$ 178,278	\$ 403,592	

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS – STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2018**

	<u>Other Postemployment Benefit Trust Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employer Contributions	\$ 2,532,093	\$ -
Private Donations	-	17,100
Total Contributions	<u>2,532,093</u>	<u>17,100</u>
Net Investment Income (Loss):		
Investment Income (Loss)	<u>17,116</u>	<u>(3,653)</u>
Total Additions	2,549,209	13,447
<b>DEDUCTIONS</b>		
Benefit Payments	2,482,093	-
Scholarships Awarded	-	15,899
Total Deductions	<u>2,482,093</u>	<u>15,899</u>
<b>CHANGE IN NET POSITION</b>	67,116	(2,452)
Net Position - Beginning of Year	<u>111,162</u>	<u>406,044</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 178,278</u></u>	<u><u>\$ 403,592</u></u>

See accompanying Notes to Financial Statements.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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 2018 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, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Implementation of New Accounting Principles**

For the year ended June 30, 2018, the District implemented the following pronouncements issued by the GASB:

- GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

The implementation of GASB Statement No. 75 resulted in, among other things, the establishment of the total other postemployment benefit (OPEB) liability in the statement of net position and enhanced disclosures related to the OPEB. As a result, the District has restated its 2018 beginning net position in the amount of \$59,101,255 to reflect the implementation of the Statement.

**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 nonfiduciary 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, 2018**

**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.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2018**

**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 nonexpenditure 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, 2018**

**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 to 40
Machinery and Equipment	3 to 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, 2018**

**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 two item that qualify for reporting in this category. Deferred outflows related to pensions and OPEB 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 three 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 and OPEB 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:

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

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 noncontractual 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, 2018**

**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.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. Other Postemployment Benefits**

Government-Wide and Fund Financial Statements

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the other postemployment benefits trust fund (OPEB Trust) and additions to/deductions from the OPEB Trust's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust. For this purpose, the OPEB Trust recognizes benefits payments when due and payable in accordance with the benefits terms. Investments are reported at fair value.

**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.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**A. Budgetary Information (Continued)**

The majority of appropriations are noncontinuing 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.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2018 approved budget for the general fund authorized \$48,688,029 in appropriations. During fiscal year 2018, decreases in appropriations totaling \$27,209 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, 2018, the following fund deficits exist:

Fund	Amount	Funding Source
Technology Warrant Article Hanson (BAN)	\$ 243,925	Issuance of Debt
MAQ Transition	11,450	Assessments/Available Funds

**NOTE 3 DEPOSITS AND INVESTMENTS**

***District (Excluding the OPEB Trust)***

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.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

***District (Excluding the OPEB Trust) (Continued)***

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.

**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, 2018, \$781,047 of the District's bank balance of \$1,280,790 was uninsured and uncollateralized and therefore exposed to custodial credit risk.

**Investments Summary**

The District's investments at June 30, 2018 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Treasuries	\$ 59,742	\$ 59,742	\$ -	\$ -
U.S. Agencies	110,741	-	110,741	-
Corporate Bonds	93,458	-	93,458	-
Money Market Mutual Funds	4,563	4,563	-	-
Certificates of Deposit	102,356	-	102,356	-
External Investment Pool (MMDT)	433,935	433,935	-	-
	<u>804,795</u>	<u>\$ 498,240</u>	<u>\$ 306,555</u>	<u>\$ -</u>
<u>Other Investments:</u>				
Equity Securities	19,062			
Total Investments	<u>\$ 823,857</u>			

**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, 2018, 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, 2018, the District was not exposed to custodial credit risk.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

***District (Excluding the OPEB Trust) (Continued)***

**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, 2018, the credit quality ratings of the Town's debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA3</u>	<u>A3</u>	<u>BAA1</u>	<u>BAA2</u>	<u>Unrated</u>
Corporate Bonds	\$ 93,458	\$ -	\$ 6,865	\$ 21,519	\$ 42,425	\$ 22,649	\$ -
Money Market Mutual Funds	4,563	-	-	-	-	-	4,563
U.S. Treasuries	59,742	59,742	-	-	-	-	-
U.S. Agencies	110,741	110,741	-	-	-	-	-
Certificates of Deposit	102,356	-	-	-	-	-	102,356
External Investment Pool (MMDT)	433,935	-	-	-	-	-	433,935
Total Investments	<u>\$ 804,795</u>	<u>\$ 170,483</u>	<u>\$ 6,865</u>	<u>\$ 21,519</u>	<u>\$ 42,425</u>	<u>\$ 22,649</u>	<u>\$ 540,854</u>

**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, 2018, the following investment was greater than 5% of the District's total investments.

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Mortgage Corp	\$ 110,350	11.0%

**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.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

***District (Excluding the OPEB Trust) (Continued)***

**Investments – Fair Value Measurements (Continued)**

The District has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Total Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
Equity Securities	\$ 19,062	\$ 19,062	\$ -	\$ -
Money Market Mutual Funds	4,563	4,563	-	-
U.S. Treasuries	59,742	59,742	-	-
Corporate Bonds	93,458	-	93,458	-
Certificates of Deposit	102,356	102,356	-	-
U.S. Agency Securities	110,741	110,741	-	-
Total Investments by Fair Value Level	389,922	\$ 296,464	\$ 93,458	\$ -

**Investments measured at the Amortized Cost:**

External Investment Pool (MMDT)	433,935
Total Investments	\$ 823,857

***Other Postemployment Benefits Trust Fund (OPEB Trust)***

**Investments Summary**

The OPEB Trust's investments at June 30, 2018 consisted of an external investment pool with maturities of less than one year in the amount of \$178,278.

**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 OPEB Trust does not have a policy for interest rate risk of debt securities. As of June 30, 2018, the OPEB Trust 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 OPEB Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The OPEB Trust does not have a policy for custodial credit risk of investments. As of June 30, 2018, the OPEB Trust 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 OPEB Trust does not have a policy for credit risk of debt securities. As of June 30, 2018, the OPEB Trust's investments in debt securities were unrated by a national credit rating organization.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

***Other Postemployment Benefits Trust Fund (OPEB Trust) (Continued)***

**Investments – Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the OPEB Trust's investment in a single issuer. The OPEB Trust does not have a policy for concentration of credit risk. As of June 30, 2018, the OPEB Trust was not exposed to concentration of credit risk.

**Investments – Fair Value Measurements**

The OPEB Trust 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, 2018, the OPEB Trust did not have any investments that were required to be reported in the fair value hierarchy.

**NOTE 4 ACCOUNTS RECEIVABLE**

At June 30, 2018, receivables for the general fund, individual major governmental funds, and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, were as follows:

<u>Receivables</u>	<u>Gross Amount</u>	<u>Allowance</u>	<u>Net Amount</u>
Intergovernmental	\$ 2,206,087	\$ -	\$ 2,206,087
Departmental and Other	107,914	(78,261)	29,653
Total	<u>\$ 2,314,001</u>	<u>\$ (78,261)</u>	<u>\$ 2,235,740</u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 154,570	\$ -	\$ -	\$ 154,570
Construction in Progress	-	209,444	-	209,444
Total Capital Assets Not Being Depreciated	<u>154,570</u>	<u>209,444</u>	<u>-</u>	<u>364,014</u>
Capital Assets Being Depreciated:				
Building and Improvements	102,152,557	858,847	-	103,011,404
Machinery and Equipment	6,014,379	-	-	6,014,379
Vehicles	434,566	-	-	434,566
Library and Textbooks	3,752,155	-	-	3,752,155
Software	2,054,408	-	-	2,054,408
Total Capital Assets Being Depreciated	<u>114,408,065</u>	<u>858,847</u>	<u>-</u>	<u>115,266,912</u>
Less Accumulated Depreciation For:				
Building and Improvements	(40,563,144)	(2,496,247)	-	(43,059,391)
Machinery and Equipment	(4,675,749)	(197,212)	-	(4,872,961)
Vehicles	(346,461)	(39,297)	-	(385,758)
Library and Textbooks	(3,108,976)	(63,621)	-	(3,172,597)
Software	(1,958,232)	(72,643)	-	(2,030,875)
Total Accumulated Depreciation	<u>(50,652,562)</u>	<u>(2,869,020)</u>	<u>-</u>	<u>(53,521,582)</u>
Total Capital Assets Being Depreciated, Net	<u>63,755,503</u>	<u>(2,010,173)</u>	<u>-</u>	<u>61,745,330</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 63,910,073</u>	<u>\$ (1,800,729)</u>	<u>\$ -</u>	<u>\$ 62,109,344</u>

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

<u>Governmental Activities</u>	
General Administration	\$ 19,886
Instructional Services	2,785,440
Operating Maintenance Buildings	58,441
School Services	5,253
Total Depreciation Expense - Governmental Activities	<u>\$ 2,869,020</u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6 INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2018 are summarized as follows:

Transfers Out:	Transfers In:		Total
	General Fund	Technology (Hanson) Fund	
General Fund	\$ -	\$ 129,500	\$ 129,500 (1)
Nonmajor Governmental Funds	750,000	-	750,000 (2)
Total	<u>\$ 750,000</u>	<u>\$ 129,500</u>	<u>\$ 879,500</u>

- (1) Represents budgeted transfer from the General Fund to the Technology Major Fund related to debt service.
- (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, 2018 is as follows:

Type	Purpose	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2017	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2018
BAN	School Technology	10/20/17	10/19/18	1.35%	\$ -	\$ 374,500	\$ -	\$ 374,500
BAN	School Technology	10/21/16	10/21/17	0.95%	504,000	-	(504,000)	-
	Total				<u>\$ 504,000</u>	<u>\$ 374,500</u>	<u>\$ (504,000)</u>	<u>\$ 374,500</u>

Subsequent Events

On October 19, 2018, the District issued BAN's totaling \$245,000 at an interest rate of 2.85%, and maturing on October 18, 2019. The BAN issuance represents a renewal of BANs outstanding at June 30, 2018; the remaining BAN payable was retired.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2018:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
<u>Governmental Activities</u>					
Bonds and Notes Payable	\$ 6,015,000	\$ -	\$ (615,000)	\$ 5,400,000	\$ 615,000
Unamortized Bond Premiums	311,363	-	(31,137)	280,226	31,137
Total Bonds and Notes Payable	6,326,363	-	(646,137)	5,680,226	646,137
Net OPEB Liability	85,254,903 *	2,792,228		88,047,131	-
Net Pension Liability	10,364,184		(1,586,507)	8,777,677	-
Compensated Absences	1,411,039	24,420	-	1,435,459	143,546
Total	<u>\$ 103,356,489</u>	<u>\$ 2,816,648</u>	<u>\$ (2,232,644)</u>	<u>\$ 103,940,493</u>	<u>\$ 789,683</u>

\*Beginning balance includes restatement for the implementation of GASB Statement No. 75

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, 2018, and the future debt service requirements, are as follows:

Project	Maturity Date	Interest Rate (%)	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
School Building Construction	01/01/27	2.00 - 4.00%	\$ 6,015,000	\$ -	\$ (615,000)	\$ 5,400,000
Subtotal			6,015,000	-	(615,000)	5,400,000
Unamortized Premiums			311,363	-	(31,137)	280,226
Total			<u>\$ 6,326,363</u>	<u>\$ -</u>	<u>\$ (646,137)</u>	<u>\$ 5,680,226</u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 5,400,000</u>	<u>\$ 710,220</u>	<u>\$ 6,110,220</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, 2018, 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 five persons comprised of a representative sample from participating member units.

*Plan membership.* At June 30, 2018, membership consisted of 454 active Plan members and 445 inactive Plan members or beneficiaries currently receiving benefits.

*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.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)**

*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, 2018, the employer contributions totaled \$2,532,093. The Trust did not receive contributions from any other sources.

**Net OPEB Liability (Plan Reporting)**

*Investment policy.* The OPEB Trust's policy in regard to the allocation of investments is established and may be amended by the trustees. The following was the trustees adopted asset allocation policy as of June 30, 2018:

<u>Asset Allocation</u>	<u>Target Allocation</u>
Domestic Equity - Large Cap	25.00%
Domestic Equity - Small/Mid Cap	11.00%
International Equity - Developed Market	27.00%
International Equity - Emerging Market	7.00%
Domestic Fixed Income	15.00%
International Fixed Income	5.00%
Alternatives	2.50%
Real Estate	7.50%

*Rate of return.* For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 12.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the Plan as of June 30, 2018 were as follows:

Total OPEB Liability	\$ 87,908,657
Plan Fiduciary Net Position	<u>(178,278)</u>
District's Net OPEB Liability	<u>\$ 87,730,379</u>

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.20%
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**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Net OPEB Liability (Plan Reporting) (Continued)**

*Actuarial assumptions.* The total OPEB liability was determined by performing update procedures to roll the liability forward from the actuarial valuation as of July 1, 2016 to the June 30, 2018 measurement date. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified;

Actuarial Cost Method:	Individual Entry Age Normal
Investment Rate of Return:	6.83%, net of OPEB plan investment expense, including inflation
Municipal Bond Rate:	3.45% as of June 30, 2018
Single Equivalent Discount Rate:	3.50%, 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 Cost Trend Rate:	5.00% Annually
Salary Increases:	3.00% Annually
Preretirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Postretirement 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

The long-term expected rate of return on OPEB Trust investments was determined using a best-estimate ranges of expected future nominal rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Best estimates of arithmetic rates of return for each major asset class included in the OPEB Trust's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	4.00%
Domestic Equity - Small/Mid Cap	6.00%
International Equity - Developed Market	4.50%
International Equity - Emerging Market	7.00%
Domestic Fixed Income	2.00%
International Fixed Income	3.00%
Alternatives	6.50%
Real Estate	6.25%

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Net OPEB Liability (Plan Reporting) (Continued)**

*Discount rate.* The discount rate to measure the total OPEB liability was 3.50%. The discount rate was selected using a blend of the 20-year municipal bond index for pay-as-you-go-plan, the Investment Rate of Return (6.83 at June 30, 2018) for the funded periods, and a blend of the two rates for a plan that is being partially funded.

*Sensitivity of the total OPEB liability to changes in the discount rate.* In the event the discount rate were 1% higher or lower than forecast and employee contributions were to increase at the forecast rates, the total OPEB liability as of June 30, 2018 would change as follows:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 104,089,617	\$ 87,730,379	\$ 74,969,369

*Sensitivity of the total OPEB liability to changes in the healthcare trend.* In the event that healthcare trend rates were 1% higher or lower than forecast and employee contributions were to increase at the forecast rates, the total OPEB liability as of June 30, 2018 would change as follows:

	1% Decrease (4.00%)	Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
Total OPEB Liability	\$ 70,561,759	\$ 87,730,379	\$ 110,100,238

**Net OPEB Liability (District Reporting)**

The District's net OPEB liability was measured as of June 30, 2017 for the year ended June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016, which through update procedures was rolled forward to the June 30, 2017 measurement date.

***Changes in Net OPEB Liability***

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016	\$ 85,254,903	\$ -	\$ 85,254,903
Changes for the year:			
Service Cost	2,606,660	-	2,606,660
Interest of Liability, Service Cost, and Benefit Payments	2,814,907	-	2,814,907
Net Investment Income	-	11,162	(11,162)
Employer Contributions to Trust	-	2,618,177	(2,618,177)
Benefit Payments Withdrawn from Trust	-	(2,518,177)	2,518,177
Benefit Payments Excluding Implicit Cost	(2,291,955)	-	(2,291,955)
Implicit Cost Amount	(226,222)	-	(226,222)
Total Benefit Payments including Implicit Cost	(2,518,177)	-	(2,518,177)
Net Changes	2,903,390	111,162	2,792,228
Balance at June 30, 2017	\$ 88,158,293	\$ 111,162	\$ 88,047,131

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Net OPEB Liability (District Reporting) (Continued)**

***Changes in Net OPEB Liability (Continued)***

*Sensitivity of the total OPEB liability to changes in the discount rate.* In the event the discount rate were 1% higher or lower than forecast and employee contributions were to increase at the forecast rates, the total OPEB liability as of June 30, 2018 would change as follows:

	1% Decrease (2.25%)	Current Discount Rate (3.25%)	1% Increase (4.25%)
Total OPEB Liability	\$ 104,798,600	\$ 88,047,131	\$ 75,003,954

*Sensitivity of the total OPEB liability to changes in the health care trend.* In the event that healthcare trend rates were 1% higher or lower than forecast and employee contributions were to increase at the forecast rates, the total OPEB liability as of June 30, 2018 would change as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 70,514,555	\$ 88,047,131	\$ 110,976,421

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2018, the District recognized OPEB Expense of \$2,903,390. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Net Difference between Projected and Actual Investment Earnings	\$ -	\$ 6,242
Contributions after the Measurement Date	50,000	-
Total	\$ 50,000	\$ 6,242

The \$50,000 reported as deferred outflows of resources resulting from contributions made subsequent to measurement date will be recognized as a reduction in the net OPEB liability during fiscal year 2019. All other amounts reported as deferred inflows of resources are related to OPEB and will be recognized in OPEB expense as follows:

Year Ending June 30.	Amount
2019	\$ (1,561)
2020	(1,561)
2021	(1,561)
2022	(1,559)
Total	\$ (6,242)

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 11 FUND BALANCES**

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

	General	Technology (Hanson)	Nonmajor Governmental Funds	Total Governmental Funds
Circuit Breaker	\$ -	\$ -	\$ 246,943	\$ 246,943
General Administration	-	-	298	298
Instructional Services	-	-	228,588	228,588
Other School Services	-	-	488,436	488,436
Operating Maintenance Buildings	-	-	81,297	81,297
Capital	-	-	42,751	42,751
Subtotal - Restricted	<u>-</u>	<u>-</u>	<u>1,088,313</u>	<u>1,088,313</u>
Committed:				
Subsequent Year's Expenditures	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Assigned:				
General Administration	1,514	-	-	1,514
Instructional Services	7,610	-	-	7,610
Other School Services	714	-	-	714
Operating Maintenance Buildings	4,118	-	-	4,118
Employee Benefits/Fixed Charges	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Subtotal -Assigned	38,956	-	-	38,956
Unassigned	<u>994,676</u>	<u>(243,925)</u>	<u>(11,450)</u>	<u>739,301</u>
Total	<u>\$ 1,483,632</u>	<u>\$ (243,925)</u>	<u>\$ 1,076,863</u>	<u>\$ 2,316,570</u>

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2018**

**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 \$1,115,553 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$8,777,677 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. 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, 2017, the District's proportion was 1.6325%.

For the year ended June 30, 2018, the District recognized pension expense of \$718,073. At June 30, 2018, the District reported deferred outflows of resources related to pension of \$191,076 for differences between projected and actual experience and deferred inflows of resources related to pensions of \$908,170 for net difference between projected and actual investment earnings, changes in assumptions, and changes in proportion.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 13 PENSION PLAN (CONTINUED)**

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (43,243)
2020	(153,031)
2021	(275,735)
2022	(245,085)

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

Salary Increases	3.75%
Mortality Rates:	It is assumed that both preretirement 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 three 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

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, 2018**

**NOTE 13 PENSION PLAN (CONTINUED)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. 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:

	1% Increase (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's Proportionate Share of the Net Pension Liability	\$ 11,387,593	\$ 8,777,677	\$ 6,517,996

*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, 2018**

**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, 2018. The Commonwealth's net pension liability associated with the District was \$83,974,402.

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$8,764,653 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, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. 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:	Preretirement – reflects RP-2014 White Collar Employees Table projected generationally with Scale MP-2016 (gender distinct)  Postretirement – reflects RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct)  Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2014 set forward four years.
Other	3.5% interest rate credited to the annuity savings fund  3.0% cost of living increase per year

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, 2017 are summarized in the following table:

**WHITMAN-HANSON REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	40%	5.0%
Portfolio Completion Strategies	13%	3.6%
Core Fixed Income	12%	1.1%
Private Equity	11%	6.6%
Value Added Fixed Income	10%	3.8%
Real Estate	10%	3.6%
Timber/Natural Resources	4%	3.2%
Hedge Funds	0%	3.6%
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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the District at June 30, 2018.

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, 2018, 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, 2018**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Member Town Assessments	\$ -	\$ 21,664,291	\$ -	\$ 21,664,291
Intergovernmental	-	25,493,738	-	25,493,738
Investment Income	-	30,000	-	30,000
Total Revenues	<u>-</u>	<u>47,188,029</u>	<u>-</u>	<u>47,188,029</u>
<b>EXPENDITURES</b>				
Current:				
General Administration	14,000	1,402,336	(59,165)	1,357,171
Instructional Services	46,359	27,051,393	338,252	27,436,004
Other School Services	626	3,470,072	120,543	3,591,241
Operations and Maintenance of Facilities	18,760	4,133,482	(126,930)	4,025,312
Employee Benefits and Other Fixed Charges	-	8,042,200	(259,042)	7,783,158
Capital Outlay	-	-	-	-
Programs with Other Schools	-	3,650,571	(40,867)	3,609,704
Debt Service - Principal	-	744,500	-	744,500
Debt Service - Interest	-	193,475	-	193,475
Total Expenditures	<u>79,745</u>	<u>48,688,029</u>	<u>(27,209)</u>	<u>48,740,565</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(79,745)	(1,500,000)	27,209	(1,552,536)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	750,000	-	750,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(79,745)	(750,000)	27,209	(802,536)
Fund Balance - Beginning of Year	<u>1,853,233</u>	<u>1,853,233</u>	<u>1,853,233</u>	<u>1,853,233</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,773,488</u>	<u>\$ 1,103,233</u>	<u>\$ 1,880,442</u>	<u>\$ 1,050,697</u>

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 21,664,291	\$ -	\$ 21,664,291	\$ -
25,750,955	-	25,750,955	257,217
85,589	-	85,589	55,589
<u>47,500,835</u>	<u>-</u>	<u>47,500,835</u>	<u>312,806</u>
1,352,731	1,514	1,354,245	2,926
27,357,042	7,610	27,364,652	71,352
3,586,877	714	3,587,591	3,650
4,017,949	4,118	4,022,067	3,245
7,758,158	25,000	7,783,158	-
-	-	-	-
3,609,704	-	3,609,704	-
744,500	-	744,500	-
193,475	-	193,475	-
<u>48,620,436</u>	<u>38,956</u>	<u>48,659,392</u>	<u>81,173</u>
(1,119,601)	(38,956)	(1,158,557)	393,979
750,000	-	750,000	-
<u>750,000</u>	<u>-</u>	<u>750,000</u>	<u>-</u>
(369,601)	(38,956)	(408,557)	393,979
1,853,233	1,853,233	1,853,233	-
<u>\$ 1,483,632</u>	<u>\$ 1,814,277</u>	<u>\$ 1,444,676</u>	<u>\$ 393,979</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	1.633%	1.636%	1.731%	1.731%
District's Proportionate Share of the Net Pension Liability	8,777,677	10,364,184	10,978,762	10,090,419
District's Covered Payroll	4,946,883	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	177.44%	217.89%	253.13%	241.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.6%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution *	\$ 1,115,553	\$ 1,075,550	\$ 1,057,651	\$ 974,781
Contributions in Relation to the Actuarially Required Contribution	<u>(1,115,553)</u>	<u>(1,075,550)</u>	<u>(1,057,651)</u>	<u>(974,781)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 4,946,883	\$ 4,756,618	\$ 4,337,258	\$ 4,180,490
Contributions as a Percentage of Covered Payroll	22.55%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Share of Net Pension Liability	\$ 83,974,402	\$ 78,231,514	\$ 74,111,309	\$ 57,720,753
Commonwealth's Share of the District's Net Pension Liability	<u>(83,974,402)</u>	<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>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	54.25%	52.73%	55.38%	61.64%

(1) Amounts presented were determined as of June 30 of the prior year

(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, 2018**

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES**

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

	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 2,679,341	\$ 2,606,656
Interest	2,976,285	2,814,907
Differences between Expected and Actual Plan Experience	(3,423,165)	-
Benefit Payments	<u>(2,482,093)</u>	<u>(2,518,177)</u>
Net Change in Total OPEB Liability	(249,632)	2,903,386
Total OPEB Liability - Beginning of Period	88,158,289	85,254,903
Total OPEB Liability - End of Period (a)	<u>\$ 87,908,657</u>	<u>\$ 88,158,289</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 2,532,093	\$ 2,618,177
Net Investment Income	17,116	11,162
Benefit Payments	<u>(2,482,093)</u>	<u>(2,518,177)</u>
Net Change in Plan Fiduciary Net Position	67,116	111,162
Plan Fiduciary Net Position - Beginning of Period	111,162	-
Plan Fiduciary Net Position - End of Period (b)	<u>178,278</u>	<u>111,162</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 87,730,379</u>	<u>\$ 88,047,127</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.20%	0.13%
Covered Payroll	\$ 29,914,789	\$ 29,043,484
Net OPEB Liability as a Percentage of Covered Payroll	293.27%	303.16%

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

**SCHEDULE OF CONTRIBUTIONS (1)**

	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 7,304,693	\$ 6,956,656
Contributions in Relation to the Actuarially Required Contribution	<u>(2,532,093)</u>	<u>(2,618,177)</u>
Contribution Deficiency (Excess)	<u>\$ 4,772,600</u>	<u>\$ 4,338,479</u>
District's Covered Payroll	\$ 29,914,789	\$ 29,043,484
Contributions as a Percentage of Covered Payroll	8.46%	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, 2018**

**SCHEDULE OF INVESTMENT RETURNS (PLAN) (1)**

	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>12.6%</u>	<u>15.2%</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, 2018**

**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, 2018 is presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other 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	\$ 47,500,835	\$ 48,659,392	\$ 750,000	\$ 1,444,676
Adjustments and Reclassifications:				
To Record MTRS On-Behalf Payments	8,764,653	8,764,653	-	-
Reclassification of Transfer for GAAP Purposes	-	(129,500)	(129,500)	-
To Record Encumbrances and Continuing Appropriations	-	(38,956)	-	38,956
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 56,265,488</u>	<u>\$ 57,255,589</u>	<u>\$ 620,500</u>	<u>\$ 1,483,632</u>



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