

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

**GOFFSTOWN SCHOOL DISTRICT**  
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**JUNE 30, 2019**

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# PLODZIK & SANDERSON

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board  
Goffstown School District  
Goffstown, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Goffstown School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 of material misstatement.

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

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

### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Grants Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### *Basis for Adverse Opinion on Governmental Activities*

As discussed in Note 12-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for the single employer other postemployment benefits plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities has not been determined.

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

**Adverse Opinion**

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Goffstown School District, as of June 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Goffstown School District as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general and grants funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

**Other Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Goffstown School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019 on our consideration of the Goffstown School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the Goffstown School District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Goffstown school District's internal control over financial reporting and compliance.

*Sheryl A. Platt, CPA*

December 24, 2019

PLODZIK & SANDERSON  
Professional Association

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Goffstown School District ("District"), we offer readers of the District's Financial Statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

### 1. Financial Highlights

- The assets and deferred outflow of resources of the District fell short of its liabilities and deferred inflows of resources at the close of the most recent year by \$(11,945,558) (*net position*). Of this amount, \$(26,080,965) (*unrestricted net position*), had it been positive, may have been used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted net position is attributable to the reporting of the District's proportional share of the actuarially determined retirement system's unfunded pension liability less the system's net position ("net pension liability"). Reporting the District's proportional share of the net pension liability does not impact the District's ability to meet its current obligations.
- The District's total net position changed by \$(10,132,397). This was due to the return of funds in 2019 that were held in error by the School District over several years.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,083,440 a change of \$(10,235,847) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,844,331, of which \$1,453,206 *is available for spending* at the District Town Meeting's discretion or for tax relief, and \$391,125 has been retained for contingency in accordance with RSA 198:4-bII.
- Per GASB Statement Nos 68 and 71, the District is required to record its related share of net pension liability of the New Hampshire Retirement System. The net pension liability is the District's proportionate share of the retirement system's actuarially determined unfunded pension liability less the system's net position. This amount is reported only on the government-wide financial statements and has no impact on the fund financial statements of the District. At the end of the most recent year, our net pension liability is \$31,132,323.
- Per GASB Statement Number 75, the District's proportionate share of OPEB liability (Other Post-Employment Benefits as it relates to the New Hampshire Retirement System) was \$2,796,139 (See page 30 of the Auditor's report).

### 2. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the time of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The governmental activities of the District include administration, instruction, support services, operations and maintenance, transportation, and non-instructional services.

**Fund Financial Statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintains six individual governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and grants funds, which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and grants funds. A budgetary comparison statement has been provided for the major general and grants funds to demonstrate compliance with this budget.

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

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* and Single Audit required documentation. Required supplementary information is required to be disclosed by accounting principles generally accepted in

the United States of America which includes this management discussion and analysis, the Schedule of School District's Proportionate Share of Net Pension Liability, Schedule of School District Contributions – Pensions, Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits Liability, Schedule of the District Contributions – Other Postemployment Benefits. Other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. This includes the combining and individual fund schedules.

### **3. Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the District, assets and deferred outflows of resources fell short of liabilities and deferred inflows of resources by \$(11,945,558) at the close of the most recent fiscal year.

The largest portion of the District's net position \$13,984,765 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment and furnishings), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of condensed statement of net position and statement of activities for government-wide financial data for the current and prior fiscal years.



Goffstown School District's Condensed Statement of Net Position

Summary of Net Position  
Governmental Activities

	<u>2019</u>	<u>2018</u>	<u>% Change 2018-2019</u>
Current and Other Assets	\$ 4,497,190	\$ 14,846,351	-69.71%
Capital Assets	17,955,259	18,414,351	-2.49%
Total Assets	<u>22,452,449</u>	<u>33,260,702</u>	<u>-32.50%</u>
Deferred Outflows of Resources	7,592,973	6,387,958	18.86%
Long-Term Liabilities Outstanding	39,217,956	38,863,376	0.91%
Other Liabilities	<u>1,451,157</u>	<u>1,607,847</u>	<u>-9.75%</u>
Total Liabilities	40,669,113	40,471,223	0.49%
Deferred Inflows of Resources	1,321,867	990,598	33.44%
Net Investment in Capital Assets	13,984,765	13,712,616	1.98%
Restricted Net Position	150,642	139,656	7.87%
Unrestricted Net Position	<u>(26,080,965)</u>	<u>(15,665,433)</u>	<u>66.49%</u>
Total Net Position	<u>\$ (11,945,558)</u>	<u>\$ (1,813,161)</u>	<u>558.83%</u>

Summary of Changes in Net Position  
Governmental Activities

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>\$</u> <u>Difference</u>	<u>%</u> <u>Difference</u>
<b>Revenues:</b>				
<b>Program Revenue:</b>				
Charges for Services	\$ 8,168,002	\$ 8,210,864	\$ (42,862)	-0.52%
Operating Grants and Contributions	2,137,296	1,967,543	169,753	8.63%
Capital Grants and Contributions	539,196	282,696	256,500	90.73%
<b>General Revenue:</b>				
School District Assessment	12,396,188	21,337,757	(8,941,569)	-41.90%
Unrestricted Grants	10,291,343	10,594,892	(303,549)	-2.87%
Miscellaneous & Interest	201,691	160,344	41,347	25.79%
Total Revenues	<u>33,733,716</u>	<u>42,554,096</u>	<u>(8,820,380)</u>	<u>-20.73%</u>
<b>Expenses:</b>				
Instruction	\$ 29,372,422	\$ 28,460,282	\$ 912,140	3.20%
Support Services:				
Student	2,325,958	2,113,654	212,304	10.04%
Instructional Staff	951,508	972,869	(21,361)	-2.20%
General Administration	76,155	126,844	(50,689)	-39.96%
Executive Administration	1,614,928	1,536,170	78,758	5.13%
School Administration	2,565,280	2,466,591	98,689	4.00%
Business	3,000	3,417	(417)	-12.20%
Operation and Maintenance of Plant	3,794,401	3,550,945	243,456	6.86%
Student Transportation	1,959,433	1,851,517	107,916	5.83%
Other	18,709	39,669	(20,960)	-52.84%
Noninstructional Services	1,113,740	1,088,477	25,263	2.32%
Interest on Long-Term Debt	70,579	106,075	(35,496)	-33.46%
Intergovernmental transfer out	-	43,689	(43,689)	-100.00%
Total Expenses	<u>43,866,113</u>	<u>42,360,199</u>	<u>1,505,914</u>	<u>3.56%</u>
Change in Net Position	(10,132,397)	193,897	(10,326,294)	-5325.66%
Net Position, beginning	<u>(1,813,161)</u>	<u>(2,007,058)</u>	<u>193,897</u>	<u>-9.66%</u>
Net Position, ending	<u>\$ (11,945,558)</u>	<u>\$ (1,813,161)</u>	<u>\$ (10,132,397)</u>	<u>558.83%</u>

**Governmental Activities.** As noted above, governmental activities net position changed by \$(10,132,397). This was a result of District liquidating excess funds that were erroneously held as fund balance over several years. As a result, the District's Assessment (local tax revenues) was lower by \$8,941,569, as compared to prior year. Key elements of this change are as follows:

Governmental Activities:

Total net change in governmental funds fund balances	
General Fund	\$ (9,841,943)
Other Governmental Funds	<u>(393,904)</u>
	(10,235,847)
Depreciation expense, net of capital asset additions and disposals	(459,092)
Changes in long-term debt	731,241
Change in compensated absences	(91,500)
Change in net pension liability, net of deferred resources	(729,752)
Change in OPEB, net of deferred resources	641,157
Other GAAP accruals	<u>11,396</u>
Total net change	<u>\$ (10,132,397)</u>

**4. Financial Analysis of the Government's Funds**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds.* The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end for the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,083,440, which is a change of \$(10,235,847) in comparison with the prior year. Key elements of this change are as follows:

Governmental Funds:

General Fund	\$ (9,841,943)
Other Governmental Funds:	
Food Service Fund	8,720
Capital Project Fund	(404,890)
Permanent Fund	<u>2,266</u>
Total	<u>\$ (10,235,847)</u>

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,844,331, of which \$391,125 is retained in accordance with RSA 198:4-bII, while total fund balance was \$2,932,798. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.5 percent of total general fund expenditures, while total fund balance represents 7.2 percent of that same amount.

5. General Fund Budgetary Highlights

Comments on General Fund Budget Comparisons

- General fund actual revenues totaling \$31,207,256 exceeded budgeted revenues by \$946,547 (3.2%)
  - **Local sources** totaling \$7,531,338 exceeded budget by \$972,338 due to a combination of over collection of tuition revenue and an under estimation of local revenue sources.
  - **State sources** totaling \$11,044,919 exceeded budget by \$54,398 and is attributed to state adequacy aid being slightly higher than estimated as well as modest increases in the number of students.
  - **Federal sources** totaling \$234,811 was below the estimated revenue budget by \$80,189 due to a large decrease in Medicaid reimbursement.
- General fund expenditures totaling \$40,956,871 were less than the appropriation of \$41,574,870 leaving a positive variance of \$617,999.
  - **Instruction** totaling \$26,523,381 was below budget by \$254,749 due to changes in staffing that resulted in decreased wage and benefit costs.
  - **School Administration** totaling \$2,548,373 was below budget by \$19,720 primarily due to a decrease in benefit costs.
  - **Operation and Maintenance of Plant** totaling \$3,685,165 was under budget by only \$13,031.
  - **Student Transportation costs** totaling \$1,959,123 was below budget by \$209,154 primarily due to a consolidation of some bus routes due to driver shortages and a slight overestimation of costs.

6. Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets for its governmental activities as of June 30, 2019, amounted to \$17,955,259 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, machinery and equipment and furnishings. The total change in the District's investment in total capital assets for the current year was \$(459,092) as evidenced below:

Capital Assets at Year End  
Governmental Activities

	June 30, <u>2019</u>	June 30, 2018	% Change <u>2018-2019</u>
Land	\$ 3,010,440	\$ 2,315,440	30.02%
Buildings & Building Improvements	38,378,977	38,084,182	0.77%
Machinery, Equipment & Furnishings	3,665,133	3,757,532	-2.46%
Less: Accumulated Depreciation	<u>(27,099,291)</u>	<u>(25,742,803)</u>	5.27%
Total	<u>\$ 17,955,259</u>	<u>\$ 18,414,351</u>	<u>-2.49%</u>

Capital Asset Additions:

Land:

Normand Road Land Purchase \$ 695,000

Building and Building Improvement Additions:

BES Covered Walkway \$ 137,181  
Modulars - MAES Classroom 1,000  
MAES Covered Walkway 156,614  
294,795

Machinery and equipment Additions:

Adfinity x24D 130AH Floor Scrubber MAES 7,491  
SG7 WB Burnisher Buffer (2) 17,272  
Viper AS710R Rider Scrubber (2) 17,316  
GLS A/C Installation 6,325  
48,404

Capital Asset Disposals:

Construction in progress  
Security Cameras (5,778)

Depreciation Expense (1,491,513)

Total change in capital assets \$ (459,092)

Additional information on the District's capital assets can be found in the notes to the financial statements at Note 5.

**Long-Term Debt**

The table below illustrates the long-term debt of the District as of June 30, 2019. The District has 4

capital leases as noted in Note 9. The compensated balances were calculated on vacation days and retirement stipend days for all eligible employees for compensation at retirement.

Long-Term Debt Outstanding at Year End  
Governmental Activities

	June 30, <u>2019</u>	June 30, <u>2018</u>	% Change <u>2018-2019</u>
General Obligation Bond Payable	\$ 1,690,000	\$ 2,270,000	-25.55%
Capital Leases	2,280,494	2,431,735	-6.22%
Compenstated Absences	1,319,000	1,227,500	7.45%
Pension Related Liability	2,796,139	3,571,882	-21.72%
Other Postemployment Benefits Payable	<u>31,132,323</u>	<u>29,362,259</u>	<u>6.03%</u>
Total	<u>\$ 39,217,956</u>	<u>\$ 38,863,376</u>	<u>0.91%</u>

**Future Budgetary Implications**

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

- The State shifting cost responsibilities to local governments may have an impact on taxation calculation.
- The unassigned Fund Balance established in this audit is intended to be returned at tax rate setting in November.
- Future budgets will continue to be developed based on actual expenditures in prior years, in particular reviewing salary and benefits. Additionally, a more accurate approach to revenues is being implemented, focusing on funding derived from tuitions and other local sources.

**7. Request for Information**

This financial report is designed to provide a general overview of the District's financing for all those with an interest in the District's finances. Questions, concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, C/O SAU#19, 11 School Street, Goffstown, New Hampshire 03045.

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Statement of Net Position*  
**June 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,858,847
Other receivables	626
Intergovernmental receivable	570,050
Inventory	23,628
Prepaid items	44,039
Capital assets, not being depreciated	3,010,440
Capital assets, net of accumulated depreciation	14,944,819
Total assets	22,452,449
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Bond refunding charges	5,554
Amounts related to pensions	7,287,601
Amounts related to other postemployment benefits	299,818
Total deferred outflows of resources	7,592,973
<b>LIABILITIES</b>	
Accounts payable	287,355
Accrued salaries and benefits	156,750
Intergovernmental payable	928,551
Accrued interest payable	78,501
Noncurrent obligations:	
Due within one year	1,009,929
Due in more than one year	38,208,027
Total liabilities	40,669,113
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - grants and donations	41,094
Amounts related to pensions	1,105,990
Amounts related to other postemployment benefits	174,783
Total deferred inflows of resources	1,321,867
<b>NET POSITION</b>	
Net investment in capital assets	13,984,765
Restricted	150,642
Unrestricted	(26,080,965)
Total net position	\$ (11,945,558)

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



**EXHIBIT B**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 29,372,422	\$ 7,386,321	\$ 1,385,627	\$ -	\$ (20,600,474)
Support services:					
Student	2,325,958	-	5,034	-	(2,320,924)
Instructional staff	951,508	-	117,668	-	(833,840)
General administration	76,155	-	-	-	(76,155)
Executive administration	1,614,928	-	-	-	(1,614,928)
School administration	2,565,280	-	-	-	(2,565,280)
Business	3,000	-	3,000	-	-
Operation and maintenance of plant	3,794,401	-	258,206	539,196	(2,996,999)
Student transportation	1,959,433	-	23,720	-	(1,935,713)
Other	18,709	-	-	-	(18,709)
Noninstructional services	1,113,740	781,681	344,041	-	11,982
Interest on long-term debt	70,579	-	-	-	(70,579)
Total governmental activities	<u>\$ 43,866,113</u>	<u>\$ 8,168,002</u>	<u>\$ 2,137,296</u>	<u>\$ 539,196</u>	<u>(33,021,619)</u>
General revenues:					
School district assessment					12,396,188
Grants and contributions not restricted to specific programs					10,291,343
Interest					71,378
Miscellaneous					130,313
Total general revenues					<u>22,889,222</u>
Change in net position					(10,132,397)
Net position, beginning					(1,813,161)
Net position, ending					<u>\$ (11,945,558)</u>

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

**EXHIBIT C-1**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Governmental Funds*  
**Balance Sheet**  
**June 30, 2019**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,741,582	\$ -	\$ 117,265	\$ 3,858,847
Accounts receivable	167	-	459	626
Intergovernmental receivable	225,823	248,334	95,893	570,050
Interfund receivables	219,305	-	-	219,305
Inventory	23,628	-	-	23,628
Prepaid items	44,039	-	-	44,039
Total assets	<u>\$ 4,254,544</u>	<u>\$ 248,334</u>	<u>\$ 213,617</u>	<u>\$ 4,716,495</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 241,269	\$ 11,187	\$ 34,899	\$ 287,355
Accrued salaries and benefits	137,917	15,321	3,512	156,750
Intergovernmental payable	926,660	1,891	-	928,551
Interfund payable	-	219,019	286	219,305
Total liabilities	<u>1,305,846</u>	<u>247,418</u>	<u>38,697</u>	<u>1,591,961</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - grants and donations	<u>15,900</u>	<u>916</u>	<u>24,278</u>	<u>41,094</u>
<b>FUND BALANCES</b>				
Nonspendable	67,667	-	31,856	99,523
Restricted	-	-	118,786	118,786
Committed	207,610	-	-	207,610
Assigned	813,190	-	-	813,190
Unassigned	1,844,331	-	-	1,844,331
Total fund balances	<u>2,932,798</u>	<u>-</u>	<u>150,642</u>	<u>3,083,440</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,254,544</u>	<u>\$ 248,334</u>	<u>\$ 213,617</u>	<u>\$ 4,716,495</u>

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

**EXHIBIT C-2**  
**GOFFSTOWN SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**June 30, 2019**

Total fund balances of governmental funds (Exhibit C-1)		\$ 3,083,440
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 45,054,550	
Less accumulated depreciation	<u>(27,099,291)</u>	17,955,259
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to bond refundings	\$ 5,554	
Deferred outflows of resources related to pensions	7,287,601	
Deferred inflows of resources related to pensions	(1,105,990)	
Deferred outflows of resources related to OPEB	299,818	
Deferred inflows of resources related to OPEB	<u>(174,783)</u>	6,312,200
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (219,305)	
Payables	<u>219,305</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(78,501)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bond	\$ 1,690,000	
Capital leases	2,280,494	
Compensated absences	1,319,000	
Net pension liability	31,132,323	
Other postemployment benefits	<u>2,796,139</u>	(39,217,956)
Net position of governmental activities (Exhibit A)		<u><u>\$ (11,945,558)</u></u>

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

**EXHIBIT C-3**  
**GOFFSTOWN SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2019**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
School district assessment	\$12,396,188	\$ -	\$ -	\$12,396,188
Other local	7,531,371	48,551	789,771	8,369,693
State	11,044,919	306,383	13,709	11,365,011
Federal	234,811	1,037,681	330,332	1,602,824
Total revenues	<u>31,207,289</u>	<u>1,392,615</u>	<u>1,133,812</u>	<u>33,733,716</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	27,164,332	1,008,397	3,566	28,176,295
Support services:				
Student	2,321,694	5,034	-	2,326,728
Instructional staff	851,340	117,668	-	969,008
General administration	76,155	-	-	76,155
Executive administration	1,614,928	-	-	1,614,928
School administration	2,539,952	-	-	2,539,952
Business	-	3,000	-	3,000
Operation and maintenance of plant	3,529,493	258,206	2,258	3,789,957
Student transportation	1,959,123	310	-	1,959,433
Other	18,709	-	-	18,709
Noninstructional services	-	-	1,117,546	1,117,546
Debt service:				
Principal	580,000	-	-	580,000
Interest	81,975	-	-	81,975
Facilities acquisition and construction	851,614	-	138,181	989,795
Total expenditures	<u>41,589,315</u>	<u>1,392,615</u>	<u>1,261,551</u>	<u>44,243,481</u>
Deficiency of revenues under expenditures	<u>(10,382,026)</u>	<u>-</u>	<u>(127,739)</u>	<u>(10,509,765)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	266,709	-	544	267,253
Transfers out	(544)	-	(266,709)	(267,253)
Capital lease inception	273,918	-	-	273,918
Total other financing sources (uses)	<u>540,083</u>	<u>-</u>	<u>(266,165)</u>	<u>273,918</u>
Net change in fund balances	(9,841,943)	-	(393,904)	(10,235,847)
Fund balances, beginning	12,774,741	-	544,546	13,319,287
Fund balances, ending	<u>\$ 2,932,798</u>	<u>\$ -</u>	<u>\$ 150,642</u>	<u>\$ 3,083,440</u>

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

**EXHIBIT C-4**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2019*

Net change in fund balances of total governmental funds (Exhibit C-3)		\$(10,235,847)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 1,038,199	
Depreciation expense	<u>(1,491,513)</u>	(453,314)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.		(5,778)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (267,253)	
Transfers out	<u>267,253</u>	-
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Inception of capital lease	\$ (273,918)	
Principal repayment of bond	580,000	
Principal repayment of capital leases	<u>425,159</u>	731,241
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 13,248	
Increase in compensated absences payable	(91,500)	
Amortization of bond refunding charges	(1,852)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(729,752)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>641,157</u>	(168,699)
Change in net position of governmental activities (Exhibit B)		<u><u>\$(10,132,397)</u></u>

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

**EXHIBIT D-1**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2019*

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
School district assessment	\$ 12,396,188	\$ 12,396,188	\$ 12,396,188	\$ -
Other local	6,559,000	6,559,000	7,531,338	972,338
State	10,990,521	10,990,521	11,044,919	54,398
Federal	315,000	315,000	234,811	(80,189)
Total revenues	<u>30,260,709</u>	<u>30,260,709</u>	<u>31,207,256</u>	<u>946,547</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	26,904,453	26,778,130	26,523,381	254,749
Support services:				
Student	2,507,707	2,353,567	2,325,375	28,192
Instructional staff	878,455	926,564	850,247	76,317
General administration	88,955	88,956	76,297	12,659
Executive administration	1,614,928	1,614,928	1,614,928	-
School administration	2,511,584	2,568,093	2,548,373	19,720
Operation and maintenance of plant	3,121,407	3,698,196	3,685,165	13,031
Student transportation	2,130,015	2,168,277	1,959,123	209,154
Other	23,140	21,183	20,393	790
Debt service:				
Principal	580,000	580,000	580,000	-
Interest	81,976	81,976	81,975	1
Facilities acquisition and construction	695,000	695,000	691,614	3,386
Total expenditures	<u>41,137,620</u>	<u>41,574,870</u>	<u>40,956,871</u>	<u>617,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,876,911)</u>	<u>(11,314,161)</u>	<u>(9,749,615)</u>	<u>1,564,546</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	266,709	266,709
Transfers out	-	-	(544)	(544)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>266,165</u>	<u>266,165</u>
Net change in fund balance	<u>\$ (10,876,911)</u>	<u>\$ (11,314,161)</u>	(9,483,450)	<u>\$ 1,830,711</u>
Decrease in nonspendable fund balance			35.739	
Increase in committed fund balance			(200,000)	
Unassigned fund balance, beginning			11,492,042	
Unassigned fund balance, ending			<u>\$ 1,844,331</u>	

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

**EXHIBIT D-2**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (GAAP Basis)*  
**Grants Fund**  
*For the Fiscal Year Ended June 30, 2019*

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other local	\$ -	\$ 48,551	\$ 48,551	\$ -
State	-	306,383	306,383	-
Federal	413,800	1,037,681	1,037,681	-
Total revenues	<u>413,800</u>	<u>1,392,615</u>	<u>1,392,615</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	413,800	1,008,397	1,008,397	-
Support services:				
Student	-	5,034	5,034	-
Instructional staff	-	117,668	117,668	-
Business	-	3,000	3,000	-
Operation and maintenance of plant	-	258,206	258,206	-
Student transportation	-	310	310	-
Total expenditures	<u>413,800</u>	<u>1,392,615</u>	<u>1,392,615</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

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

**EXHIBIT E**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Fiduciary Funds*  
*Statement of Net Position*  
*June 30, 2019*

	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 201,703</u>
<b>LIABILITIES</b>	
Due to student groups	<u>\$ 201,703</u>

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



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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Goffstown School District, in Goffstown, New Hampshire (the School District), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

***1-A Reporting Entity***

The Goffstown School District is a municipal corporation governed by an elected 9-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The School District has no component units to include in its reporting entity.

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

***1-B Government-wide and Fund Financial Statements***

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

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

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

***Fund Financial Statements*** – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds, and are presented in the other governmental column of the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: current, debt service or facilities acquisition and construction. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment, real property, or infrastructure.

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

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

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

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

For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

The School District reports the following major governmental funds:

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

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

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

**Fiduciary Fund Financial Statements** – Fiduciary fund financial statements include a Statement of Net Position. These funds account for resources held by the School District for the benefit of other parties, and include the agency funds. Fiduciary funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

**1-D Cash and Cash Equivalents**

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

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

**1-E Receivables**

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

**1-F Inventory**

Inventories are valued at cost (first-in, first-out) which approximates market. The School District’s inventories include various items consisting of school supplies. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method). The nonspendable fund balance at the governmental fund level includes the amount of inventories at year-end to indicate the portion of the governmental fund balance that is nonspendable.

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

**1-G Prepaid Items**

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

**1-H Capital Assets**

Capital assets are reported in the governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The School District has established a threshold of \$5,000 or more and an estimated useful life in excess of one year for capitalization of depreciable assets.

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

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the School District as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

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

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

<b>Capital Asset Class:</b>	<u>Years</u>
Buildings and building improvements	20 - 40
Machinery, equipment, and furnishings	3 - 5

**1-I Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

**Interfund Transfers** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

**1-J Accounts Payable**

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2019.

**1-K Deferred Outflows/Inflows of Resources**

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

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***1-L Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

***1-M Compensated Absences***

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

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

***1-N Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

***1-O Postemployment Benefits Other Than Pensions (OPEB)***

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

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

***Single Employer Plan*** – The School District maintains a single employer plan, but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board pronouncement No. 75.

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

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

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

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

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

**Fund Balance Classifications** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

**Committed** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

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

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

In accordance with RSA 198:4-bII, *Contingency Fund*, the School District voted to retain general fund unassigned fund balance of \$391,125 to be used for emergency expenditures, or to use as a revenue source to reduce the tax rate.

### ***1-Q Use of Estimates***

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

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

### ***2-A Budgetary Information***

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general and grants funds, as well as the nonmajor food service fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2019, \$10,876,911 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$437,250 was appropriated at a special district meeting to fund emergency expenditures.

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

While the School District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented for each major governmental fund which had a budget. There are no differences between the budgetary basis and GAAP basis of accounting for the major grants fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$31,473,965
Adjustments:	
Basis difference:	
Capital lease inception	273,918
GASB Statement No. 54:	
Revenue related to the blended expendable trust funds	33
Per Exhibit C-3 (GAAP Basis)	<u>\$31,747,916</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$40,957,415
Adjustments:	
Basis difference:	
Encumbrances, beginning	1,171,716
Encumbrances, ending	(813,190)
Capital lease inception	273,918
Per Exhibit C-3 (GAAP basis)	<u>\$41,589,859</u>

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The School District’s deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the School District’s agent in the School District’s name. The FDIC currently insures the first \$250,000 of the School District’s deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District’s deposits was \$4,060,550 and the bank balances totaled \$4,633,369. Petty cash totaled \$609.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$3,858,847
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E)	201,703
Total cash and cash equivalents	<u>\$4,060,550</u>

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**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2019, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of Goffstown Trustees of Trust Funds for the School District. Receivables are recorded on the School District’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

**NOTE 5 – CAPITAL ASSETS**

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

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 2,315,440	\$ 695,000	\$ -	\$ 3,010,440
Being depreciated:				
Buildings and building improvements	38,084,182	294,795	-	38,378,977
Machinery, equipment, and furnishings	3,757,532	48,404	(140,803)	3,665,133
Total capital assets being depreciated	41,841,714	343,199	(140,803)	42,044,110
Total capital assets	44,157,154	1,038,199	(140,803)	45,054,550
Less accumulated depreciation:				
Buildings and building improvements	(24,145,513)	(1,293,440)	-	(25,438,953)
Machinery, equipment, and furnishings	(1,597,290)	(198,073)	135,025	(1,660,338)
Total accumulated depreciation	(25,742,803)	(1,491,513)	135,025	(27,099,291)
Net book value, capital assets being depreciated	16,098,911	(1,148,314)	(5,778)	14,944,819
Net book value, all capital assets	\$ 18,414,351	\$ (453,314)	\$ (5,778)	\$ 17,955,259

Depreciation expense was charged to functions of the School District based on their usage of the related assets. The amounts allocated to each function are as follows:

Instruction	\$ 1,210,934
Support services:	
Operation and maintenance of plant	279,023
Noninstructional services	1,556
Total depreciation expense	<u>\$ 1,491,513</u>

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

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

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 219,019
	Nonmajor	286
		<u>\$ 219,305</u>



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

	Transfers In:		
	General Fund	Nonmajor Fund	Total
Transfers out:			
General fund	\$ -	\$ 544	\$ 544
Nonmajor fund	266,709	-	266,709
Total	\$ 266,709	\$ 544	\$ 267,253

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

**NOTE 7 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at June 30, 2019 consist of the following:

General fund:	
Balance due to the New Hampshire Retirement System	\$ 755,043
Balance due to the Manchester School District	94,098
Balance due to the Bedford School District	65,732
Balance due to the Town of Goffstown	9,427
Other	2,360
Total general fund	926,660
Grants fund:	
Balance due to School Administrative Unit No. 19	1,633
Balance due to the State of New Hampshire	258
Total grants fund	1,891
Total intergovernmental payable due	\$ 928,551

**NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources at June 30, 2019 are as follows:

	Governmental Activities
Bond refunding charges	\$ 5,554
Amounts related to pensions, see Note 11	7,287,601
Amounts related to OPEB, see Note 12	299,818
Total deferred inflows of resources	\$ 7,592,973

Deferred inflows of resources at June 30, 2019 are as follows:

	Governmental Activities	General Fund	Grants Fund	Nonmajor Governmental Funds
Local grants and donations received in advance of eligible expenditures	\$ 41,094	\$ 15,900	\$ 916	\$ 24,278
Amounts related to pensions, see Note 11	1,105,990	-	-	-
Amounts related to OPEB, see Note 12	174,783	-	-	-
Total deferred inflows of resources	\$ 1,321,867	\$ 15,900	\$ 916	\$ 24,278

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**NOTE 9 – CAPITAL LEASES**

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

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2019
Capital lease obligations:		
Energy conservation	2.10%	\$ 1,494,976
Computer equipment	1.90%	236,246
Modular classroom	4.70%	346,055
Computer equipment	2.49%	203,217
Total capital lease obligations		<u>\$ 2,280,494</u>

The annual requirements to amortize the capital leases payable as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2020	\$ 485,879
2021	485,879
2022	364,379
2023	167,302
2024	167,303
2025-2029	836,513
Total requirements	2,507,255
Less: interest	226,761
Present value of remaining payments	<u>\$ 2,280,494</u>

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

**NOTE 10 – LONG-TERM LIABILITIES**

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

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Bond payable:					
General obligation bond	\$ 2,270,000	\$ -	\$ (580,000)	\$ 1,690,000	\$ 570,000
Capital leases	2,431,735	273,918	(425,159)	2,280,494	429,929
Compensated absences	1,227,500	125,000	(33,500)	1,319,000	10,000
Pension related liability	29,362,259	1,770,064	-	31,132,323	-
Net other postemployment benefits	3,571,882	-	(775,743)	2,796,139	-
Total long-term liabilities	<u>\$38,863,376</u>	<u>\$2,168,982</u>	<u>\$ (1,814,402)</u>	<u>\$39,217,956</u>	<u>\$ 1,009,929</u>

The long-term bond is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2019
General obligation bond payable:					
2011 Bond Refunding	\$ 6,015,000	2011	2022	2.50-4.50%	<u>\$ 1,690,000</u>

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The annual requirements to amortize the general obligation bond outstanding as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2020	\$ 570,000	\$ 58,975	\$ 628,975
2021	565,000	36,275	601,275
2022	555,000	12,488	567,488
Totals	<u>\$1,690,000</u>	<u>\$ 107,738</u>	<u>\$1,797,738</u>

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

**NOTE 11 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

**Benefits Provided** – The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by ¼ of 1% or age 60.

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

**Contributions** – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2019, the School District contributed 15.70% for teachers and 11.08% for other employees. The contribution requirement for the fiscal year 2019 was \$2,866,447, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At June 30, 2019, the School District reported a liability of \$31,132,323 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability

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was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2018, the School District's proportion was .64654235% which was an increase of .0495049% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized pension expense of \$3,593,807. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 2,018,151	\$ 133,482
Net difference between projected and actual investment earnings on pension plan investments	-	720,429
Changes in assumptions	2,154,511	-
Differences between expected and actual experience	248,492	252,079
Contributions subsequent to the measurement date	2,866,447	-
Total	\$ 7,287,601	\$ 1,105,990

The \$2,866,447 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2019	\$1,766,737
2020	1,473,474
2021	(167,863)
2022	242,816
2023-2027	-
Thereafter	-
Totals	\$3,315,164

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

**Long-term Rates of Return** – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

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

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

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2018	\$41,421,811	\$ 31,132,323	\$22,509,418

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

**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

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

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

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

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

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

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

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the School District contributed 1.66% for teachers and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$283,407, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At June 30, 2019, the School District reported a liability of \$2,796,139 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2018, the School District’s proportion was .61071630% which was a decrease of .17047715% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB benefit of \$358,019. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 165,899
Net difference between projected and actual investment earnings on OPEB plan investments	-	8,884
Changes in assumptions	-	-
Differences between expected and actual experience	16,413	-
Contributions subsequent to the measurement date	283,405	-
Total	\$ 299,818	\$ 174,783

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The \$283,405 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2019	\$(152,258)
2020	(2,772)
2021	(2,772)
2022	(568)
2023-2027	-
Thereafter	-
Totals	<u>\$ (158,370)</u>

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

**Long-term Rates of Return** – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2018:

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

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2018	\$ 2,910,233	\$ 2,796,139	\$ 2,476,539

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

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

**12-B Retiree Health Benefit Program**

The School District provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the School District’s contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires State and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The School District has not fully implemented GASB Statement No. 75 at June 30, 2019, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the School District’s single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the single employer plan is unknown.

**NOTE 13 – ENCUMBRANCES**

Encumbrances outstanding at June 30, 2019 are as follows:

Current:	
Instruction:	
Regular programs	\$ 122,706
Special programs	18,417
Other	1,100
Total instruction	<u>142,223</u>
Support services:	
Student	3,681
General administration	142
School administration	8,421
Operation and maintenance of plant	654,584
Other	4,139
Total support services	<u>670,967</u>
Total encumbrances	<u>\$ 813,190</u>



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**NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION**

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

Net investment in capital assets:	
Net book value of all capital assets	\$ 17,955,259
Less:	
General obligation bond payable	(1,690,000)
Capital leases payable	(2,280,494)
Total net investment in capital assets	<u>13,984,765</u>
Restricted:	
Food service	115,579
Permanent fund - principal balance	31,856
Permanent fund - income balance	3,207
Total restricted	<u>150,642</u>
Unrestricted	<u>(26,080,965)</u>
Total net position	<u><u>\$(11,945,558)</u></u>

**NOTE 15 – GOVERNMENTAL FUND BALANCES**

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Inventory	\$ 23,628	\$ -	\$ 23,628
Prepaid items	44,039	-	44,039
Permanent fund - principal balance	-	31,856	31,856
Total nonspendable fund balance	<u>67,667</u>	<u>31,856</u>	<u>99,523</u>
<b>Restricted:</b>			
Food service	-	115,579	115,579
Permanent fund - income balance	-	3,207	3,207
Total restricted fund balance	<u>-</u>	<u>118,786</u>	<u>118,786</u>
<b>Committed:</b>			
Expendable trust	7,610	-	7,610
Voted appropriation - March 2019	200,000	-	200,000
Total committed fund balance	<u>207,610</u>	<u>-</u>	<u>207,610</u>
<b>Assigned:</b>			
Encumbrances	813,190	-	813,190
<b>Unassigned:</b>			
Unassigned - retained (RSA 198:4-bII)	391,125	-	391,125
Unassigned	1,453,206	-	1,453,206
Total unassigned	<u>1,844,331</u>	<u>-</u>	<u>1,844,331</u>
Total governmental fund balances	<u><u>\$ 2,932,798</u></u>	<u><u>\$ 150,642</u></u>	<u><u>\$ 3,083,440</u></u>

**NOTE 16 – RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2019, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs is a are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2018 to June 30, 2019

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by Primex<sup>3</sup>, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2018-19 the School District paid \$78,084 and \$131,691, respectively, to Primex for workers' compensation and property/liability. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

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

**NOTE 17 – CONTINGENT LIABILITIES**

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

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the School District believes such disallowances, if any, will be immaterial.

**NOTE 18 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through December 24, 2019, the date the June 30, 2019 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

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

	June 30,					
	2014	2015	2016	2017	2018	2019
School District's proportion of the net pension liability	0.59%	0.59%	0.59%	0.60%	0.60%	0.65%
School District's proportionate share of the net pension liability	\$25,549,777	\$22,151,628	\$23,179,316	\$31,873,638	\$29,362,259	\$31,132,323
School District's covered payroll	\$15,809,239	\$16,237,185	\$16,658,424	\$17,143,764	\$17,486,216	\$18,054,762
School District's proportionate share of the net pension liability as a percentage of its covered payroll	161.61%	136.43%	139.14%	185.92%	167.92%	172.43%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%

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

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

	June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 1,476,153	\$ 1,914,569	\$ 1,962,978	\$ 2,146,324	\$ 2,187,207	\$ 2,732,661
Contributions in relation to the contractually required contributions	1,476,153	1,914,569	1,962,978	2,146,324	2,187,207	2,732,661
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$15,809,239	\$16,237,185	\$16,658,424	\$17,143,764	\$17,486,216	\$18,054,762
Contributions as a percentage of covered payroll	9.34%	11.79%	11.78%	12.52%	12.51%	15.14%

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

**GOFFSTOWN SCHOOL DISTRICT**

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED  
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***Schedule of the School District’s Proportionate Share of Net Pension Liability and  
Schedule of School District Contributions – Pensions***

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	22 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

**Other Information:**

Notes The roll-forward of total pension liability from June 30, 2017 to June 30, 2018 reflects expected service cost and interest reduced by actual benefit payments.

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

	June 30,		
	2017	2018	2019
School District's proportion of the net OPEB liability	0.78%	0.78%	0.61%
School District's proportionate share of the net OPEB liability (asset)	\$ 3,780,181	\$ 3,571,882	\$ 2,796,139
School District's covered payroll	\$ 17,143,764	\$ 17,486,216	\$ 18,054,762
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	22.05%	20.43%	15.49%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%

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

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

	June 30,		
	2017	2018	2019
Contractually required contribution	\$ 453,727	\$ 463,014	\$ 270,138
Contributions in relation to the contractually required contribution	453,727	463,014	270,138
Contribution deficiency (excess)	\$ -	\$ -	\$ -
School District's covered payroll	\$ 17,143,764	\$17,486,216	\$18,054,762
Contributions as a percentage of covered payroll	2.65%	2.65%	1.50%

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



**GOFFSTOWN SCHOOL DISTRICT**

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –  
OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

**FOR THE FISCAL YEAR ENDED  
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***Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability and  
Schedule of School District Contributions – Other Postemployment Benefits***

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

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

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**GOFFSTOWN SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2019**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 12,396,188	\$ 12,396,188	\$ -
Other local sources:			
Tuition	6,500,000	7,386,321	886,321
Transportation	-	5,107	5,107
Investment earnings	4,000	71,345	67,345
Miscellaneous	55,000	68,565	13,565
Total from other local sources	<u>6,559,000</u>	<u>7,531,338</u>	<u>972,338</u>
State sources:			
Adequacy aid (grant)	7,037,057	7,042,511	5,454
Adequacy aid (tax)	3,248,832	3,248,832	-
School building aid	539,196	539,196	-
Catastrophic aid	142,936	179,233	36,297
Vocational aid	22,500	23,410	910
Other state aid	-	11,737	11,737
Total from state sources	<u>10,990,521</u>	<u>11,044,919</u>	<u>54,398</u>
Federal sources:			
Medicaid	315,000	234,811	(80,189)
Other financing sources:			
Transfers in	-	266,709	266,709
Total revenues and other financing sources	30,260,709	<u>\$ 31,473,965</u>	<u>\$ 1,213,256</u>
Use of fund balance to reduce school district assessment	10,876,911		
Use of fund balance - emergency expenditures	437,250		
Total revenues, other financing sources, and use of fund balance	<u>\$ 41,574,870</u>		

**SCHEDULE 2**  
**GOFFSTOWN SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2019**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 439,657	\$ 16,924,078	\$ 17,304,031	\$ 122,706	\$ (63,002)
Special programs	8,469	8,769,549	8,522,539	18,417	237,062
Vocational programs	-	165,150	163,043	-	2,107
Other programs	61,130	804,708	808,171	1,100	56,567
Adult and continuing education programs	-	99,645	78,445	-	21,200
Community service programs	-	15,000	14,185	-	815
Total instruction	<u>509,256</u>	<u>26,778,130</u>	<u>26,890,414</u>	<u>142,223</u>	<u>254,749</u>
Support services:					
Student	-	2,353,567	2,321,694	3,681	28,192
Instructional staff	1,093	926,564	851,340	-	76,317
General administration	-	88,956	76,155	142	12,659
Executive administration	-	1,614,928	1,614,928	-	-
School administration	-	2,568,093	2,539,952	8,421	19,720
Operation and maintenance of plant	498,912	3,698,196	3,529,493	654,584	13,031
Student transportation	-	2,168,277	1,959,123	-	209,154
Other	2,455	21,183	18,709	4,139	790
Total support services	<u>502,460</u>	<u>13,439,764</u>	<u>12,911,394</u>	<u>670,967</u>	<u>359,863</u>
Debt service:					
Principal of long-term debt	-	580,000	580,000	-	-
Interest on long-term debt	-	81,976	81,975	-	1
Total debt service	<u>-</u>	<u>661,976</u>	<u>661,975</u>	<u>-</u>	<u>1</u>
Facilities acquisition and construction	<u>160,000</u>	<u>695,000</u>	<u>851,614</u>	<u>-</u>	<u>3,386</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>-</u>	<u>544</u>	<u>-</u>	<u>(544)</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 1,171,716</u>	<u>\$ 41,574,870</u>	<u>\$ 41,315,941</u>	<u>\$ 813,190</u>	<u>\$ 617,455</u>

**SCHEDULE 3**  
**GOFFSTOWN SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2019*

Unassigned fund balance, beginning		\$ 11,492,042
Changes:		
Unassigned fund balance used to reduce school district assessment		(10,876,911)
Unassigned fund balance for emergency expenditures		(437,250)
2018-2019 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,213,256	
Unexpended balance of appropriations (Schedule 2)	<u>617,455</u>	
2018-2019 Budget surplus		1,830,711
Decrease in nonspendable fund balance		35,739
Increase in committed fund balance		<u>(200,000)</u>
Unassigned fund balance, ending		<u><u>\$ 1,844,331</u></u>

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

	Special Revenue Funds				Total
	Food Service	Private Donations	Capital Project	Permanent Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 92,307	\$ 24,958	\$ -	\$ -	\$ 117,265
Accounts receivable	459	-	-	-	459
Intergovernmental receivable	60,830	-	-	35,063	95,893
Total assets	<u>\$ 153,596</u>	<u>\$ 24,958</u>	<u>\$ -</u>	<u>\$ 35,063</u>	<u>\$ 213,617</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 34,505	\$ 394	\$ -	\$ -	\$ 34,899
Accrued salaries and benefits	3,512	-	-	-	3,512
Interfund payable	-	286	-	-	286
Total liabilities	<u>38,017</u>	<u>680</u>	<u>-</u>	<u>-</u>	<u>38,697</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - grants and donations	-	24,278	-	-	24,278
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	31,856	31,856
Restricted	115,579	-	-	3,207	118,786
Total fund balances	<u>115,579</u>	<u>-</u>	<u>-</u>	<u>35,063</u>	<u>150,642</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 153,596</u>	<u>\$ 24,958</u>	<u>\$ -</u>	<u>\$ 35,063</u>	<u>\$ 213,617</u>

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

	Special Revenue Funds				Total
	Food Service	Private Donations	Capital Project	Permanent Fund	
<b>REVENUES</b>					
Other local	\$ 781,681	\$ 5,662	\$ -	\$ 2,428	\$ 789,771
State	13,709	-	-	-	13,709
Federal	330,332	-	-	-	330,332
Total revenues	<u>1,125,722</u>	<u>5,662</u>	<u>-</u>	<u>2,428</u>	<u>1,133,812</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	-	3,404	-	162	3,566
Support services:					
Operation and maintenance of plant	-	2,258	-	-	2,258
Noninstructional services	1,117,546	-	-	-	1,117,546
Facilities acquisition and construction	-	-	138,181	-	138,181
Total expenditures	<u>1,117,546</u>	<u>5,662</u>	<u>138,181</u>	<u>162</u>	<u>1,261,551</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,176</u>	<u>-</u>	<u>(138,181)</u>	<u>2,266</u>	<u>(127,739)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	544	-	-	-	544
Transfers out	-	-	(266,709)	-	(266,709)
Total other financing sources (uses)	<u>544</u>	<u>-</u>	<u>(266,709)</u>	<u>-</u>	<u>(266,165)</u>
Net change in fund balances	8,720	-	(404,890)	2,266	(393,904)
Fund balances, beginning	106,859	-	404,890	32,797	544,546
Fund balances, ending	<u>\$ 115,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,063</u>	<u>\$ 150,642</u>

**SCHEDULE 6**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Student Activities Funds*  
**Combining Schedule of Changes in Student Activities Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Balance, beginning	Additions	Deductions	Balance, ending
Schools:				
Bartlett Elementary School	\$ 13,898	\$ 1,922	\$ 7,415	\$ 8,405
Maple Avenue Elementary School	43,025	28,784	31,348	40,461
Mountain View Middle School	20,324	63,568	59,742	24,150
Goffstown High School	140,280	351,321	362,914	128,687
Totals	<u>\$ 217,527</u>	<u>\$ 445,595</u>	<u>\$ 461,419</u>	<u>\$ 201,703</u>



***SINGLE AUDIT ACT SCHEDULES  
AND INDEPENDENT AUDITOR'S REPORTS***



# PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the School Board  
Goffstown School District  
Goffstown, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Goffstown School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Goffstown School District's basic financial statements, and have issued our report thereon dated December 24, 2019. Our report on the financial statements of the governmental activities was adverse as indicated therein.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Goffstown School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Goffstown School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Goffstown School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Goffstown School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sheryl A. Pratt, CPA*

PLODZIK & SANDERSON  
Professional Association

December 24, 2019



## **PLODZIK & SANDERSON**

*Professional Association/Accountants & Auditors*

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### ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE***

To the Members of the School Board  
Goffstown School District  
Goffstown, New Hampshire

#### ***Report on Compliance for Each Major Federal Program***

We have audited the Goffstown School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Goffstown School District's major federal program for the year ended June 30, 2019. The Goffstown School District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Goffstown School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Goffstown School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Goffstown School District's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the Goffstown School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

#### ***Report on Internal Control Over Compliance***

Management of the Goffstown School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Goffstown School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over

**Goffstown School District**  
**Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control**  
**Over Compliance Required by the Uniform Guidance**

compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Goffstown School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



PLODZIK & SANDERSON  
Professional Association

December 24, 2019

**SCHEDULE I**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Summary Schedule of Prior Audit Findings*  
*For the Year Ended June 30, 2019*

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**Auditor  
Reference  
Number**

***Material Weakness***

**2018-001      Budget Planning, Review and Oversight**  
**Status:** Corrective action has been taken.

***Significant Deficiency***

**2018-002      Encumbrances**  
**Status:** Corrective action has been taken.

**SCHEDULE II**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Schedule of Findings and Questioned Costs*  
*For the Year Ended June 30, 2019*

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP; Unmodified opinion on each major fund and aggregate remaining fund information; and an adverse opinion on governmental activities.

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Internal control over financial reporting:

- Material weakness(es) identified?                           yes         X   no
- Significant deficiency(ies) identified?                   yes         X   none reported

Noncompliance material to financial statements noted?                   yes         X   no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?                           yes         X   no
- Significant deficiency(ies) identified?                   yes         X   none reported

Type of auditor's report issued on compliance for major federal programs:   Unmodified  

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                   yes         X   no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Cluster

---

Dollar threshold used to distinguish between type A and type B programs:      \$750,000  

Auditee qualified as low-risk auditee?                           yes         X   no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**NONE**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**NONE**

**SCHEDULE III**  
**GOFFSTOWN SCHOOL DISTRICT**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended June 30, 2019*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed Through the State of New Hampshire Department of Education				
CHILD NUTRITION CLUSTER				
School Breakfast Program	10.553	N/A	\$ -	\$ 39,482
National School Lunch Program <i>(note 4)</i>	10.555	N/A	-	290,850
<i>CLUSTER TOTAL</i>			<u>-</u>	<u>330,332</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies:				
Title I	84.010	80046	-	30,748
Title I	84.010	20190054	-	237,175
<i>PROGRAM TOTAL</i>			<u>-</u>	<u>267,923</u>
SPECIAL EDUCATION CLUSTER				
Special Education - Grants to States:				
IDEA	84.027	72623	-	11,463
IDEA	84.027	82531	-	95,201
IDEA	84.027	92566	-	564,114
Special Education - Preschool Grants:				
Preschool	84.173	82531	-	829
Preschool	84.173	92566	-	7,435
<i>CLUSTER TOTAL</i>			<u>-</u>	<u>679,042</u>
Supporting Effective Instruction State Grants:				
Title II-A Professional Development	84.367	74835	-	23,035
Title II-A	84.367	84835	-	46,044
Title II-A	84.367	20190156	-	13,385
<i>PROGRAM TOTAL</i>			<u>-</u>	<u>82,464</u>
Student Support and Academic Enrichment Program	84.424	20189106	-	1,363
English Language Acquisition State Grants:				
Title III	84.365	20190182	2,061	4,636
Passed Through the Milford School District, New Hampshire				
Title III	84.365	80824	-	2,253
<i>PROGRAM TOTAL</i>			<u>2,061</u>	<u>6,889</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,061</u>	<u>\$ 1,368,013</u>

The accompanying notes are an integral part of this schedule.

**GOFFSTOWN SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

***Note 1. Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Goffstown School District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Goffstown School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Goffstown School District.

***Note 2. Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

***Note 3. Indirect Cost Rate***

The Goffstown School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

***Note 4. Food Donation***

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities on the date received. For the fiscal year ended June 30, 2019 the value of food donations received was \$55,666.