

**AMHERST SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2020**

**AMHERST SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
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## **PLODZIK & SANDERSON**

*Professional Association/Accountants & Auditors*

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### ***INDEPENDENT AUDITOR'S REPORT***

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Amherst School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Amherst School District, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund and the food service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Change in Accounting Principle***

As discussed in Note 14 to the financial statements, in fiscal year 2020 the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

*Amherst School District  
Independent Auditor's Report*

**Other Matters**

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

- Management's Discussion and Analysis,
- Schedule of the School District's Proportionate Share of Net Pension Liability,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits,
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios, and
- 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 Amherst School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

December 21, 2020

*Plodzik & Sanderson  
Professional Association*

**Amherst School District  
Management's Discussion and Analysis (MD&A)  
Of the Annual Financial Report for the Year Ended June 30, 2020**

## **INTRODUCTION**

The Superintendent of Schools of New Hampshire School Administrative Unit (SAU) #39, as management of the Amherst School District (the District), offers this Management's Discussion and Analysis of the financial activities of the District for the fiscal year which ended June 30, 2020. Readers are encouraged to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

## **FINANCIAL HIGHLIGHTS**

- The District's total net position of (\$16,335,669) on June 30, 2020, consisted of \$6,062,991 in net investment in capital assets- a decrease of \$13,928, \$0 restricted for use in the Food Service fund- a decrease of \$10,397, and (\$22,398,660) unrestricted net position balance- an decrease of \$1,031,547. This was a decrease in Total Net Position of \$1,055,872 from the previous fiscal year. See Note 12.
- Governmental funds reported combined ending fund balances of \$2,227,640, an increase of \$872,348, from the previous fiscal year, as restated. General Governmental Funds, which include the General Fund and Trust Funds show an ending fund balance of \$2,151,455, an increase of \$889,930, and Nonmajor Governmental Funds, which includes the Food Service Fund and Student Activities, shows an ending balance of \$76,185 a decrease of \$7,185 from the previous fiscal year, as restated. See Note 13.
- The District's non-current portion of long-term obligations of \$30,405,960 consists of \$2,170,271 total bonds payable, \$1,638,427 in compensated absences, \$21,184,802 in net pension liability, and \$5,412,460 in other postemployment benefits. These liabilities are reflected as a reduction in net position. See Note 8.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

**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, and to provide both long-term and short-term information.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred outflows of resources with the difference reported as net position. This statement of net position includes debt and contractual obligations as elements of the liabilities of the District.

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 timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods. Growth in net position over time can generally be expected to reflect improving financial condition, while decline would indicate weakening financial condition.

**Fund Financial Statements.** The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

The General Fund, Food Service Fund, Grants Fund, and Student Activity Fund are consolidated as Governmental Funds. Two of the funds' expenditures are compared to budget in the Budgetary Comparison Statements. All Food Service revenues are expended on program operations and the Grants Fund revenues are spent mainly on instruction.

**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.

## NET POSITION

The Districts negative net position is due to the School District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which requires the School District to report their proportionate share of the New Hampshire Retirement System's liability based upon their plan contributions for the year.

Change in net position for fiscal year 2020 compared to fiscal year 2019:

Summary of Net Position Governmental Activities		
	June 30, 2020	June 30, 2019
Current and Other Assets	\$ 2,619,987	\$ 1,653,740
Capital Assets	8,233,262	8,640,334
Total Assets	10,853,249	10,294,074
Deferred Outflows of Resources	4,532,310	5,121,563
Current Liabilities	404,224	323,680
Other Liabilities	30,405,960	29,053,986
Total Liabilities	30,810,184	29,377,666
Deferred Inflows of Resources	911,044	1,317,768
Net Position:		
Net Investment in Capital Assets	6,062,991	6,076,919
Restricted	-	10,397
Unrestricted	(22,398,660)	(21,367,113)
Total Net Position, as restated	\$ (16,335,669)	\$ (15,279,797)

Summary of Changes in Net Position  
Governmental Activities

	June 30, 2020	June 30, 2019
<b>Revenues:</b>		
<b>Program Revenue:</b>		
Charges for Services	\$ 1,552,032	\$ 1,632,666
Operating Grants and Contributions	1,065,508	871,340
Capital Grants and Contributions	139,416	140,916
<b>General Revenue:</b>		
School District Assessment	20,389,452	20,091,994
Grants and Contributions no restricted to specific programs	5,133,332	4,854,277
Unrestricted Investment Income	25,974	30,014
Miscellaneous	190,002	19,252
Total Revenues	28,495,736	27,640,459
<b>Expenses:</b>		
Instruction	18,577,060	16,081,877
Support Services:		
Student	3,453,803	3,117,253
Instructional Staff	563,889	534,579
Administration & Business	3,140,651	2,738,661
Operation and Maintenance of Plant	2,005,953	1,559,687
Student Transportation	815,692	895,129
Other	433,755	346,650
Noninstructional Services	499,926	504,441
Interest on long-term debt	56,853	78,940
Facilities acquisition and construction	4,026	647,818
Total Expenses	29,550,608	26,505,035
Change in Net Position	(1,055,872)	1,135,424
Net Position, beginning as restated	(15,279,797)	(16,415,221)
Net Position, ending	\$ (16,335,669)	\$ (15,279,797)

**Changes in Net Position.** The District's total revenue was \$28,495,736 with the total expenses \$29,551,608 results in a decrease of net position of \$1,055,872. The majority of



the District's revenue (71.6%) came from the local tax. The majority of the District's expenses (62.9%) were for instruction.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

On June 30, 2020, the District reported capital assets of \$8,233,262 (net of accumulated depreciation), which consists of a broad range of capital assets, including buildings improvements, and machinery, equipment & furniture. More detailed information about the District's capital assets is presented in the notes to the financial statements. See Note 1-F and Note 5.

### **Long-Term Debt**

General Obligation Bond liability reduced by \$393,144. Compensated absences had a net decrease in potential future payments of \$37,913. The liabilities for other post-employment benefits had a net increase in potential future payments of \$1,182,380 and net pension liability increased by \$600,651. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements. See Note 8.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Adam Steel, Superintendent, at (603) 673-2690 or by mail at:

Amherst School District  
ATTN: Business Office  
PO Box 849  
Amherst, NH 03031

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**AMHERST SCHOOL DISTRICT**  
*Statement of Net Position*  
*June 30, 2020*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,588,180
Other receivables	8,901
Intergovernmental receivable	1,022,906
Capital assets, not being depreciated	916,366
Capital assets, net of accumulated depreciation	7,316,896
Total assets	<u>10,853,249</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	4,055,752
Amounts related to other postemployment benefits	476,558
Total deferred outflows of resources	<u>4,532,310</u>
<b>LIABILITIES</b>	
Accounts payable	179,060
Accrued salaries and benefits	176,976
Intergovernmental payable	15,320
Accrued interest payable	32,868
Noncurrent obligations:	
Due within one year	432,316
Due in more than one year	29,973,644
Total liabilities	<u>30,810,184</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - receipts received in advance of eligible expenditures	20,991
Amounts related to pensions	830,810
Amounts related to other postemployment benefits	59,243
Total deferred inflows of resources	<u>911,044</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,062,991
Unrestricted	<u>(22,398,660)</u>
Total net position	<u><u>\$ (16,335,669)</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT B**  
**AMHERST SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2020**

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental activities:					
Instruction	\$ 18,577,060	\$ 1,281,024	\$ 862,552	\$ -	\$ (16,433,484)
Support services:					
Student	3,453,803	-	61,345	-	(3,392,458)
Instructional staff	563,889	-	72,145	-	(491,744)
General administration	56,854	-	-	-	(56,854)
Executive administration	1,483,462	-	-	-	(1,483,462)
School administration	1,599,899	-	-	-	(1,599,899)
Business	436	-	-	-	(436)
Operation and maintenance of plant	2,005,953	-	4,327	-	(2,001,626)
Student transportation	815,692	-	-	-	(815,692)
Other	433,755	-	-	-	(433,755)
Noninstructional services	499,926	271,008	61,113	-	(167,805)
Interest on long-term debt	56,853	-	-	139,416	82,563
Facilities acquisition and construction	4,026	-	4,026	-	-
Total governmental activities	<u>\$ 29,551,608</u>	<u>\$ 1,552,032</u>	<u>\$ 1,065,508</u>	<u>\$ 139,416</u>	<u>(26,794,652)</u>
General revenues:					
School district assessment					20,389,452
Grants and contributions not restricted to specific programs					5,133,332
Interest					25,974
Miscellaneous					190,022
Total general revenues					<u>25,738,780</u>
Change in net position					<u>(1,055,872)</u>
Net position, beginning, as restated (see Note 14)					<u>(15,279,797)</u>
Net position, ending					<u>\$ (16,335,669)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-1**  
**AMHERST SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

	General	Food Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,465,905	\$ 46,090	\$ 76,185	\$ 1,588,180
Accounts receivable	6,803	598	1,500	8,901
Intergovernmental receivable	973,676	3,691	45,539	1,022,906
Interfund receivables	30,637	-	-	30,637
Total assets	<u>\$ 2,477,021</u>	<u>\$ 50,379</u>	<u>\$ 123,224</u>	<u>\$ 2,650,624</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 140,945	\$ 38,115	\$ -	\$ 179,060
Accrued salaries and benefits	176,976	-	-	176,976
Intergovernmental payable	3,056	12,264	-	15,320
Interfund payable	-	-	30,637	30,637
Total liabilities	<u>320,977</u>	<u>50,379</u>	<u>30,637</u>	<u>401,993</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - receipts received in advance	<u>4,589</u>	<u>-</u>	<u>16,402</u>	<u>20,991</u>
<b>FUND BALANCES</b>				
Committed	334,162	-	-	334,162
Assigned	305,219	-	76,185	381,404
Unassigned	1,512,074	-	-	1,512,074
Total fund balances	<u>2,151,455</u>	<u>-</u>	<u>76,185</u>	<u>2,227,640</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,477,021</u>	<u>\$ 50,379</u>	<u>\$ 123,224</u>	<u>\$ 2,650,624</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-2**  
**AMHERST SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**June 30, 2020**

Total fund balances of governmental funds (Exhibit C-1)		\$ 2,227,640
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	\$ 17,727,878	
Less accumulated depreciation	<u>(9,494,616)</u>	
		8,233,262
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 4,055,752	
Deferred inflows of resources related to pensions	(830,810)	
Deferred outflows of resources related to OPEB	476,558	
Deferred inflows of resources related to OPEB	<u>(59,243)</u>	
		3,642,257
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (30,637)	
Payables	<u>30,637</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(32,868)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 2,095,000	
Unamortized bond premium	75,271	
Compensated absences	1,638,427	
Net pension liability	21,184,802	
Other postemployment benefits	<u>5,412,460</u>	
		(30,405,960)
Net position of governmental activities (Exhibit A)		<u><u>\$ (16,335,669)</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-3**  
**AMHERST SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2020**

	General	Food Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
School district assessment	\$ 20,389,452	\$ -	\$ -	\$ 20,389,452
Other local	1,362,305	271,302	156,603	1,790,210
State	5,919,956	5,267	4,794	5,930,017
Federal	82,144	55,552	248,361	386,057
Total revenues	<u>27,753,857</u>	<u>332,121</u>	<u>409,758</u>	<u>28,495,736</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	16,434,977	-	275,100	16,710,077
Support services:				
Student	3,337,100	-	61,345	3,398,445
Instructional staff	476,049	-	72,145	548,194
General administration	56,854	-	-	56,854
Executive administration	1,472,746	-	-	1,472,746
School administration	1,538,972	-	-	1,538,972
Business	436	-	-	436
Operation and maintenance of plant	1,687,713	-	4,327	1,692,040
Student transportation	815,610	-	-	815,610
Other	430,290	-	-	430,290
Noninstructional services	-	498,885	-	498,885
Debt service:				
Principal	375,000	-	-	375,000
Interest	81,813	-	-	81,813
Facilities acquisition and construction	-	-	4,026	4,026
Total expenditures	<u>26,707,560</u>	<u>498,885</u>	<u>416,943</u>	<u>27,623,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,046,297</u>	<u>(166,764)</u>	<u>(7,185)</u>	<u>872,348</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	156,367	-	156,367
Transfers out	(156,367)	-	-	(156,367)
Total other financing sources (uses)	<u>(156,367)</u>	<u>156,367</u>	<u>-</u>	<u>-</u>
Net change in fund balances	889,930	(10,397)	(7,185)	872,348
Fund balances, beginning, as restated (see Note 14)	1,261,525	10,397	83,370	1,355,292
Fund balances, ending	<u>\$ 2,151,455</u>	<u>\$ -</u>	<u>\$ 76,185</u>	<u>\$ 2,227,640</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT C-4**  
**AMHERST 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, 2020*

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 872,348
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	\$ 78,140	
Depreciation expense	<u>(485,212)</u>	
		(407,072)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ 156,367	
Transfers out	<u>(156,367)</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.		
Principal repayment of bond	\$ 375,000	
Amortization of bond premium	<u>18,144</u>	
		393,144
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	\$ 6,816	
Decrease in compensated absences payable	37,913	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(787,162)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(1,171,859)</u>	
		(1,914,292)
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,055,872)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.



**EXHIBIT D-1**  
**AMHERST 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, 2020**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
School district assessment	\$ 20,389,452	\$ 20,389,452	\$ 20,389,452	\$ -
Other local	1,049,991	1,050,141	1,357,283	307,142
State	5,680,398	5,680,398	5,919,956	239,558
Federal	-	-	82,144	82,144
Total revenues	27,119,841	27,119,991	27,748,835	628,844
EXPENDITURES				
Current:				
Instruction	17,525,301	17,377,593	16,444,945	932,648
Support services:				
Student	3,269,622	3,311,619	3,337,100	(25,481)
Instructional staff	621,252	574,532	476,049	98,483
General administration	66,499	80,461	56,854	23,607
Executive administration	1,326,847	1,326,847	1,472,746	(145,899)
School administration	1,494,979	1,494,979	1,538,972	(43,993)
Business	1,100	1,100	436	664
Operation and maintenance of plant	1,683,052	1,704,432	1,957,134	(252,702)
Student transportation	999,590	1,081,465	815,610	265,855
Other	431,348	466,712	430,290	36,422
Debt service:				
Principal	375,000	375,000	375,000	-
Interest	81,813	81,813	81,813	-
Facilities acquisition and construction	10,000	10,000	-	10,000
Total expenditures	27,886,403	27,886,553	26,986,949	899,604
Excess of revenues over expenditures over (under) expenditures	(766,562)	(766,562)	761,886	1,528,448
OTHER FINANCING USES				
Transfers out	(55,000)	(55,000)	(206,367)	(151,367)
Net change in fund balance	\$ (821,562)	\$ (821,562)	555,519	\$ 1,377,081
Decrease in committed fund balance			184,994	
Unassigned fund balance, beginning			771,561	
Unassigned fund balance, ending			\$ 1,512,074	

The Notes to the Basic Financial Statements are an integral part of this statement.

**EXHIBIT D-2**  
**AMHERST SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (GAAP Basis)*  
**Food Service Fund**  
**For the Fiscal Year Ended June 30, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other local	\$ 322,966	\$ 271,302	\$ (51,664)
State	3,500	5,267	1,767
Federal	45,000	55,552	10,552
Total revenues	<u>371,466</u>	<u>332,121</u>	<u>(39,345)</u>
<b>EXPENDITURES</b>			
Noninstructional services	<u>371,466</u>	<u>498,885</u>	<u>(127,419)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(166,764)</u>	<u>10,552</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>156,367</u>	<u>156,367</u>
Net change in fund balance	<u>\$ -</u>	<u>(10,397)</u>	<u>\$ 166,919</u>
Fund balance, beginning		<u>10,397</u>	
Fund balance, ending		<u>\$ -</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

In fiscal year 2020 the School District implemented GASB Statement No. 84, *Fiduciary Activities*, which changed the way fiduciary activities are recorded. See Note 2-C for further information on this pronouncement.

**1-A Reporting Entity**

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

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

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

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

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

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

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences 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, and debt service. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the general fund.

**Food Service Fund** – accounts for the operation of the School District’s food service program.

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

***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 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.

**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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>	<b>Years</b>
Land improvements	20
Buildings and building improvements	10-40
Machinery, equipment, and vehicles	5-20
Books	5-7

***1-G Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported 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-H 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-I 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.

***1-J Long-term Obligations***

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

***1-K Compensated Absences***

General leave for the School District includes vacation and sick pay. General leave 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 value for any accrued general leave earned as set forth by personnel policy.

**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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-L 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-M Postemployment Benefits Other Than Pensions (OPEB)***

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

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

***Single Employer Plan*** – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

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

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

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

**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:

**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.

**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**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 through the budgetary process.

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

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

***1-O 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 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 food service funds, as well as the nonmajor grants fund. Except as reconciled below in Note 2-B, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2020, \$771,562 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$50,000 was appropriated to fund a fiscal year 2020-2021 warrant article.

***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 food service fund.



**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 27,748,835
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Other local revenue of the blended funds	5,022
Per Exhibit C-3 (GAAP Basis)	<u>\$ 27,753,857</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 27,193,316
Adjustments:	
Basis difference:	
Encumbrances, beginning	25,830
Encumbrances, ending	(305,219)
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust fund	(50,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 26,863,927</u>

**2-C Accounting Change**

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 14.

**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 \$1,588,180 and the bank balances totaled \$2,655,329. Petty cash totaled \$500.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2020, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of Amherst 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.

**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**JUNE 30, 2020**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 850,170	\$ -	\$ 850,170
Construction in progress	12,770	53,426	66,196
Total capital assets not being depreciated	<u>862,940</u>	<u>53,426</u>	<u>916,366</u>
Being depreciated:			
Land improvements	702,905	-	702,905
Buildings and building improvements	14,677,192	-	14,677,192
Machinery, equipment, and vehicles	872,089	24,714	896,803
Books	534,612	-	534,612
Total capital assets being depreciated	<u>16,786,798</u>	<u>24,714</u>	<u>16,811,512</u>
Total capital assets	<u>17,649,738</u>	<u>78,140</u>	<u>17,727,878</u>
Less accumulated depreciation:			
Land improvements	(344,157)	(35,144)	(379,301)
Buildings and building improvements	(7,696,120)	(327,285)	(8,023,405)
Machinery, equipment, and vehicles	(475,352)	(108,564)	(583,916)
Portable classrooms	(493,775)	(14,219)	(507,994)
Total accumulated depreciation	<u>(9,009,404)</u>	<u>(485,212)</u>	<u>(9,494,616)</u>
Net book value, capital assets being depreciated	<u>7,777,394</u>	<u>(460,498)</u>	<u>7,316,896</u>
Net book value, all capital assets	<u>\$ 8,640,334</u>	<u>\$ (407,072)</u>	<u>\$ 8,233,262</u>

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	\$ 87,676
Support services:	
Instructional staff	3,021
School administration	20,778
Operation and maintenance of plant	373,131
Noninstructional services	606
Total depreciation expense	<u>\$ 485,212</u>

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances at June 30, 2020 are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	<u>\$ 30,637</u>

Interfund transfers during the year ended June 30, 2020 are as follows:

	Transfers In
	Food
	Service
	Fund
Transfers out:	
General fund	<u>\$ 156,367</u>

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.

**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of at June 30, 2020 consist of amounts related to pensions totaling \$4,055,752 and amounts related to OPEB totaling \$476,558. For further discussion on these amounts, see Notes 9 and 10, respectively.

Deferred inflows of resources reported in the governmental funds are as follows:

	Governmental Activities	General Fund	Nonmajor Governmental Funds
Fiscal year 2021 School District assessment received in advance	\$ 4,589	\$4,589	\$ -
Federal grant revenue collected in advance of eligible expenditures being made	16,402	-	16,402
Amounts related to pensions, see Note 9	830,810	-	-
Amounts related to OPEB, see Note 10	59,243	-	-
Total deferred inflows of resources	<u>\$ 911,044</u>	<u>\$4,589</u>	<u>\$ 16,402</u>

**NOTE 8 – LONG-TERM LIABILITIES**

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 2,470,000	\$ -	\$ (375,000)	\$ 2,095,000	\$ 375,000
Premium	93,415	-	(18,144)	75,271	18,144
Total bonds payable	2,563,415	-	(393,144)	2,170,271	393,144
Compensated absences	1,676,340	-	(37,913)	1,638,427	39,172
Pension related liability	20,584,151	600,651	-	21,184,802	-
Net other postemployment benefits	4,230,080	1,182,380	-	5,412,460	-
Total long-term liabilities	<u>\$29,053,986</u>	<u>\$ 1,783,031</u>	<u>\$ (431,057)</u>	<u>\$ 30,405,960</u>	<u>\$ 432,316</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2020
General obligation bonds payable:					
School Renovations	\$ 3,883,620	2009	2029	4.24%	\$ 1,740,000
AMS Renovations	\$ 1,717,000	2012	2022	1.62%	355,000
					<u>\$ 2,095,000</u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 375,000	\$ 62,604	\$ 437,604
2022	370,000	51,275	421,275
2023	195,000	40,485	235,485
2024	195,000	32,197	227,197
2025	195,000	23,910	218,910
2026-2030	765,000	26,223	791,223
Totals	<u>\$2,095,000</u>	<u>\$ 236,694</u>	<u>\$2,331,694</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.

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**NOTE 9 – 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  $\frac{1}{4}$  of 1% or age 60.

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

**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 2020, the School District contributed 15.99% for teachers and 10.08% for other employees. The contribution requirement for the fiscal year 2020 was \$1,985,873, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At June 30, 2020, the School District reported a liability of \$21,184,802 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the School District's proportion was 0.44028101% which was an increase of 0.01279844% from its proportion measured as of June 30, 2018.

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For the year ended June 30, 2020, the School District recognized pension expense of \$2,748,596. At June 30, 2020, 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	\$ 1,192,643	\$ 202,227
Net difference between projected and actual investment earnings on pension plan investments	-	173,049
Changes in assumptions	760,102	-
Differences between expected and actual experience	117,134	455,534
Contributions subsequent to the measurement date	1,985,873	-
Total	<u>\$ 4,055,752</u>	<u>\$ 830,810</u>

The \$1,985,873 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, 2021. 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,	
2020	\$ 924,622
2021	(101,591)
2022	270,389
2023	145,649
Thereafter	-
Totals	<u>\$1,239,069</u>

**Actuarial Assumptions** – The collective total pension liability was determined by an actuarial performed as of June 30, 2018, rolled forward to June 30, 2019, using the following assumptions:

Inflation:	2.5% per year
Wage inflation	3.25% per year (3.00% for Teachers)
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 2019:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2019
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	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
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, 2019	\$28,367,322	\$ 21,184,802	\$15,248,505

**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 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**10-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 2019 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 year 2019 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 2019, 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 2020, the School District contributed 1.81% for teachers and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$197,116 which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At June 30, 2020, the School District reported a liability of \$1,718,294 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the School District's proportion was 0.39193662% which was an increase of 0.01182881% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of \$52,662. At June 30, 2020, 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	\$ 5,757	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	1,931
Differences between expected and actual experience	-	2,989
Contributions subsequent to the measurement date	197,116	-
Total	<u>\$ 202,873</u>	<u>\$ 4,920</u>

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The \$197,116 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, 2021. 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,	
2020	\$ 1,487
2021	(1,281)
2022	133
2023	498
Thereafter	-
Totals	<u>\$ 837</u>

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2018 and a measurement date of June 30, 2019. 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 (3.00% for Teachers)
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 2019:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2019
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	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	



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**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2019 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, 2019	\$ 1,863,751	\$ 1,718,294	\$ 1,591,901

**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.

**10-B Retiree Health Benefit Program**

**Plan Description** – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

**Benefits Provided** – The School District offers medical, dental and vision benefits to its retired employees that meet the specified eligibility requirements. The benefit terms provide for the retiree to pay 100% percent of medical insurance premiums for retirees and covered dependents from retirement to age 65.

**Employees Covered by Benefit Terms** – At July 1, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	188
Total participants covered by OPEB plan	200

**Total OPEB Liability** – The School District's total OPEB liability of \$3,694,166 was measured as of July 1, 2019, and was determined by an actuarial valuation of that date.

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**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$3,694,166 in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.50%
Healthcare Cost Trend Rates:	
Current Year Trend	8.30%
Second Year Trend	9.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2029
Salary Increases:	3.00%

The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20 year AA municipal bond rate as of June 30, 2019.

Mortality rates: SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006).

**Changes in the Total OPEB Liability**

	June 30,			
	2017	2018	2019	2020
Total OPEB liability beginning of year	\$2,051,972	\$2,060,044	\$2,034,374	\$2,489,772
Changes for the year:				
Service cost	127,898	131,735	144,616	263,753
Interest	57,270	57,330	81,021	116,637
Assumption changes and difference between actual and expected experience	(92,118)	(117,777)	331,281	966,491
Benefit payments	(84,978)	(96,958)	(101,520)	(142,487)
Total OPEB liability end of year	<u>\$2,060,044</u>	<u>\$2,034,374</u>	<u>\$2,489,772</u>	<u>\$3,694,166</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate** – The July 1, 2019 actuarial valuation was prepared using a discount rate of 3.50%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$3,529,162 or by 4.47%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$3,901,701 or by 5.32%.

	Discount Rate		
	1% Decrease	Baseline 3.50%	1% Increase
Total OPEB Liability	<u>\$ 3,901,701</u>	<u>\$ 3,694,166</u>	<u>\$ 3,529,162</u>

**Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The July 1, 2019 actuarial valuation was prepared using an initial trend rate of 8.30%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$4,134,039 or by 11.91%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$3,346,986 or by 10.37%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.30%	1% Increase
Total OPEB Liability	<u>\$ 3,346,986</u>	<u>\$ 3,694,166</u>	<u>\$ 4,134,039</u>

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**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2020, the School District recognized OPEB expense of \$1,567,604. At June 30, 2020, 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 assumptions	\$ -	\$ 54,323
Differences between expected and actual experience	273,685	-
Total	<u>\$ 273,685</u>	<u>\$ 54,323</u>

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,	
2021	\$ 111,919
2022	107,443
Thereafter	-
Totals	<u>\$ 219,362</u>

**NOTE 11 – ENCUMBRANCES**

Encumbrances outstanding at June 30, 2020 are as follows:

Current:	
Instruction:	
Regular programs	\$ 9,968
Support services:	
Operation and maintenance of plant	295,251
Total encumbrances	<u>\$ 305,219</u>

**NOTE 12 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2020 include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 8,233,262
Less:	
General obligation bonds payable	(2,095,000)
Unamortized bond premiums	(75,271)
Total net investment in capital assets	6,062,991
Unrestricted	(22,398,660)
Total net position	<u>\$ (16,335,669)</u>

None of the net position is restricted by enabling legislation.

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**NOTE 13 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances at June 30, 2020 consist of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Committed:</b>			
Expendable trust	\$ 334,162	\$ -	\$ 334,162
<b>Assigned:</b>			
Encumbrances	305,219	-	305,219
Student activities	-	76,185	76,185
Total assigned fund balance	305,219	76,185	381,404
<b>Unassigned</b>	1,512,074	-	1,512,074
Total governmental fund balances	\$ 2,151,455	\$ 76,185	\$ 2,227,640

**NOTE 14 – PRIOR PERIOD ADJUSTMENT**

Net position/fund balance at July 1, 2019 was restated for the following:

	Government-wide Statements	Other Governmental Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ 83,370	\$ 83,370
Net position/fund balance, as previously reported	(15,363,167)	-
Net position/fund balance, as restated	\$ (15,279,797)	\$ 83,370

**NOTE 15 – 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 2020, 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 are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2019 to June 30, 2020 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 2019-20 the School District paid \$50,269 and \$50,158, 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 16 – CAFETERIA BENEFIT PLAN**

Effective August 22, 2000, the School District implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the School District, into any combination of the following benefit categories:

1. Medical Insurance Premium Account;
2. Out of Pocket Medical Spending Account; or
3. Dependent Care Spending Account.

**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2020**

In addition to directing the School District's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account, and \$2,500 into the Medical Spending Account. This cap applies to both School District contributions and employee pre-tax contributions.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the School District begins on July 1 and ends on June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within ninety days of the end of the plan year or separation of service from the School District, whichever occurs first. Funds unclaimed after ninety days of the close of the plan year are then remitted to the School District.

**NOTE 17 – CONTINGENT LIABILITIES**

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 21, 2020, the date the June 30, 2020 financial statements were available to be issued, and the following events occurred that require recognition or disclosure:

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. In response to the pandemic, the State of New Hampshire's Governor issued an order declaring a state of emergency on March 13, 2020. It is anticipated that the impact of the pandemic will continue for some time. As a result, economic uncertainties have arisen which could have a financial impact on the School District though such potential impact is unknown at this time.

On September 1, 2020, the New Hampshire Department of Education approved the District's request to use its retained fiscal year 2020 unrestricted funds (fiscal year 2020 Retained Fund Balance) for the purpose of covering unanticipated costs due to the District's response to the Coronavirus, pursuant to Emergency Order #38. As determined by the New Hampshire Departments of Revenues ("DRA"), this amount is not to exceed \$1,512,074 (the total amount of audited unrestricted fund balance for FY 2020).

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT E**  
**AMHERST 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, 2020*

School District's:	2014	2015	2016	June 30, 2017	2018	2019	2020
Proportion of the net pension liability	0.44%	0.42%	0.41%	0.41%	0.40%	0.43%	0.44%
Proportionate share of the net pension liability	\$ 18,990,078	\$ 15,719,086	\$ 16,237,729	\$ 21,796,243	\$ 19,666,234	\$ 20,584,151	\$ 21,184,802
Covered payroll	\$ 12,397,044	\$ 12,326,225	\$ 11,620,271	\$ 11,770,429	\$ 11,840,148	\$ 12,062,547	\$ 13,005,513
Proportionate share of the net pension liability as a percentage of its covered payroll	153.18%	127.53%	139.74%	185.18%	166.10%	170.65%	162.89%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%

**EXHIBIT F**  
**AMHERST 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, 2020*

	June 30,						
	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 1,097,163	\$ 1,358,604	\$ 1,375,118	\$ 1,467,727	\$ 1,461,946	\$ 1,806,788	\$ 1,916,022
Contributions in relation to the contractually required contributions	1,097,163	1,358,604	1,375,118	1,467,727	1,461,946	1,806,788	1,916,022
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$12,397,044	\$12,326,225	\$11,620,271	\$11,770,429	\$11,840,148	\$12,062,547	\$13,005,513
Contributions as a percentage of covered payroll	8.85%	11.02%	11.83%	12.47%	12.35%	14.98%	14.73%



**AMHERST SCHOOL DISTRICT**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2020**

***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 E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 2020. 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 2019:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 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	3.13% per year
Investment Rate of Return	7.25% per year, net of investment expenses including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

**Other Information:**

Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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**EXHIBIT G**  
**AMHERST 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, 2020*

	June 30,			
	2017	2018	2019	2020
School District's proportion of the net OPEB liability	0.50%	0.49%	0.38%	0.39%
School District's proportionate share of the net OPEB liability	\$ 2,439,092	\$ 2,245,597	\$ 1,740,308	\$ 1,718,294
School District's covered payroll	\$ 11,770,429	\$ 11,840,148	\$ 12,062,547	\$ 13,005,513
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	20.72%	18.97%	14.43%	13.21%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

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

**EXHIBIT H**  
**AMHERST 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, 2020*

	June 30,			
	2017	2018	2019	2020
Contractually required contribution	\$ 292,759	\$ 291,091	\$ 168,133	\$ 178,294
Contributions in relation to the contractually required contribution	292,759	291,091	168,133	178,294
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$11,770,429	\$11,840,148	\$12,062,547	\$13,005,513
Contributions as a percentage of covered payroll	2.49%	2.46%	1.39%	1.37%

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

**EXHIBIT I**  
**AMHERST SCHOOL DISTRICT**  
*Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios*  
*For the Fiscal Year Ended June 30, 2020*

	June 30,			
	2017	2018	2019	2020
OPEB liability, beginning of year	\$2,051,972	\$2,060,044	\$ 2,034,374	\$ 2,489,772
Changes for the year:				
Service cost	127,898	131,735	144,616	263,753
Interest	57,270	57,330	81,021	116,637
Assumption changes and difference between actual and expected experience	(92,118)	(117,777)	331,281	966,491
Benefit payments	(84,978)	(96,958)	(101,520)	(142,487)
OPEB liability, end of year	<u>\$2,060,044</u>	<u>\$2,034,374</u>	<u>\$ 2,489,772</u>	<u>\$ 3,694,166</u>
Covered payroll	<u>\$8,967,460</u>	<u>\$9,236,484</u>	<u>\$10,612,729</u>	<u>\$10,931,111</u>
Total OPEB liability as a percentage of covered payroll	22.97%	22.03%	23.46%	33.79%

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

**AMHERST SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2020**

***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 G and H represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2020. 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	3.13% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

***Schedule of Changes in School District's Total Other Postemployment Benefits Liability and Related Ratios***

As required by GASB Statement No. 75, Exhibit I represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2020. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**AMHERST SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2020*

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 20,389,452	\$ 20,389,452	\$ -
Other local sources:			
Tuition	860,991	1,008,647	147,656
Investment earnings	4,000	20,952	16,952
Student activities	25,000	18,935	(6,065)
Miscellaneous	160,150	308,749	148,599
Total from other local sources	1,050,141	1,357,283	307,142
State sources:			
Adequacy aid (grant)	2,574,984	2,574,984	-
Adequacy aid (tax)	2,547,943	2,547,943	-
School building aid	139,416	139,416	-
Catastrophic aid	418,055	657,613	239,558
Total from state sources	5,680,398	5,919,956	239,558
Federal sources:			
Medicaid	-	82,144	82,144
Total revenues	27,119,991	\$ 27,748,835	\$ 628,844
Use of fund balance to reduce school district assessment	771,562		
Use of fund balance - appropriated	50,000		
Total revenues and use of fund balance	\$ 27,941,553		

**SCHEDULE 2**  
**AMHERST SCHOOL DISTRICT**  
**Major General Fund**

*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2020*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 11,901,305	\$ 10,817,580	\$ 9,968	\$ 1,073,757
Special programs	-	5,259,604	5,475,551	-	(215,947)
Other programs	-	216,684	141,846	-	74,838
Total instruction	-	17,377,593	16,434,977	9,968	932,648
Support services:					
Student	-	3,311,619	3,337,100	-	(25,481)
Instructional staff	-	574,532	476,049	-	98,483
General administration	-	80,461	56,854	-	23,607
Executive administration	-	1,326,847	1,472,746	-	(145,899)
School administration	-	1,494,979	1,538,972	-	(43,993)
Business	-	1,100	436	-	664
Operation and maintenance of plant	25,830	1,704,432	1,687,713	295,251	(252,702)
Student transportation	-	1,081,465	815,610	-	265,855
Other	-	466,712	430,290	-	36,422
Total support services	25,830	10,042,147	9,815,770	295,251	(43,044)
Debt service:					
Principal of long-term debt	-	375,000	375,000	-	-
Interest on long-term debt	-	81,813	81,813	-	-
Total debt service	-	456,813	456,813	-	-
Facilities acquisition and construction	-	10,000	-	-	10,000
Other financing uses:					
Transfers out	-	55,000	206,367	-	(151,367)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 25,830	\$ 27,941,553	\$ 26,913,927	\$ 305,219	\$ 748,237



**SCHEDULE 3**  
**AMHERST SCHOOL DISTRICT**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2020*

Unassigned fund balance, beginning		\$ 771,561
Changes:		
Unassigned fund balance used to reduce school district assessment		(771,562)
Unassigned fund balance appropriated for use in 2019-2020		(50,000)
2019-2020 Budget summary:		
Revenue surplus (Schedule 1)	\$ 628,844	
Unexpended balance of appropriations (Schedule 2)	<u>748,237</u>	
2019-2020 Budget surplus		1,377,081
Decrease in committed fund balance		<u>184,994</u>
Unassigned fund balance, ending		<u><u>\$1,512,074</u></u>

**SCHEDULE 4**  
**AMHERST SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**June 30, 2020**

	Special Revenue Funds		
	Grants	Student	
	Fund	Activity	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 76,185	\$ 76,185
Accounts receivable	1,500	-	1,500
Intergovernmental receivable	45,539	-	45,539
Total assets	<u>\$ 47,039</u>	<u>\$ 76,185</u>	<u>\$ 123,224</u>
<b>LIABILITIES</b>			
Interfund payable	<u>\$ 30,637</u>	<u>\$ -</u>	<u>\$ 30,637</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - grants	<u>16,402</u>	<u>-</u>	<u>16,402</u>
<b>FUND BALANCES</b>			
Assigned	<u>-</u>	<u>76,185</u>	<u>76,185</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,039</u>	<u>\$ 76,185</u>	<u>\$ 123,224</u>

**SCHEDULE 5**  
**AMHERST SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2020**

	Special Revenue Funds		
	Grants	Student	
	Fund	Activity	Total
<b>REVENUES</b>			
Other local	\$ 11,483	\$ 145,120	\$ 156,603
State	4,794	-	4,794
Federal	248,361	-	248,361
Total revenues	<u>264,638</u>	<u>145,120</u>	<u>409,758</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	122,795	152,305	275,100
Support services:			
Student	61,345	-	61,345
Instructional staff	72,145	-	72,145
Operation and maintenance of plant	4,327	-	4,327
Facilities acquisition and construction	4,026	-	4,026
Total expenditures	<u>264,638</u>	<u>152,305</u>	<u>416,943</u>
Net change in fund balances	-	(7,185)	(7,185)
Fund balances, beginning, as restated (see Note 14)	-	83,370	83,370
Fund balances, ending	<u>\$ -</u>	<u>\$ 76,185</u>	<u>\$ 76,185</u>

**SCHEDULE 6**  
**AMHERST SCHOOL DISTRICT**  
*Student Activity Funds*  
*Combining Balance Sheet*  
*June 30, 2020*

	Student Activity Funds			Total
	Clark School	Amherst Middle School	Wilkins Elementary School	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,520	\$ 55,982	\$ 18,683	\$ 76,185
<b>FUND BALANCES</b>				
Assigned	\$ 1,520	\$ 55,982	\$ 18,683	\$ 76,185

**SCHEDULE 7**  
**AMHERST SCHOOL DISTRICT**  
*Student Activity Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2020**

	Student Activity Funds			
	Clark School	Amherst Middle School	Wilkins Elementary School	Total
<b>REVENUES</b>				
Other local	\$ -	\$ 132,686	\$ 12,434	\$ 145,120
<b>EXPENDITURES</b>				
Current:				
Instruction	1,996	136,853	13,456	152,305
Net change in fund balances	(1,996)	(4,167)	(1,022)	(7,185)
Fund balances, beginning, as restated (see Note 14)	3,516	60,149	19,705	83,370
Fund balances, ending	<u>\$ 1,520</u>	<u>\$ 55,982</u>	<u>\$ 18,683</u>	<u>\$ 76,185</u>