TOWN OF GOFFSTOWN, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended December 31, 2014

Town of Goffstown, New Hampshire

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Goffstown, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Goffstown, New Hampshire, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Town's 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Goffstown, New Hampshire, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient 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 Town's basic financial statements. The accompanying supplementary information appearing on page 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived

from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Melanson Heath

July 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Goffstown, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town of Goffstown for the year ended December 31, 2014.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, health and welfare, and culture and recreation. The business-type activities include sewer enterprise activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for municipal sewer operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail.

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current year, the total of assets exceeded liabilities by $47,431,497 (i.e., net position), a change of $(244,238) in comparison to the prior year.

- As of the close of the current year, governmental funds reported combined ending fund balances of $8,804,361, a change of $428,091 in comparison to the prior year.

- At the end of the current year, unassigned fund balance for the general fund was $4,131,563, a change of $(357,206) in comparison to the prior year.

- Total long-term debt (i.e., bonds payable) at the close of the current year was $2,248,327, a change of $(465,170) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior years (in thousands).

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 23,391	$ 22,353	$ 3,932	$ 3,405	$ 27,323	$ 25,758
Capital assets	32,274	32,714	5,569	6,288	37,843	39,002
Total assets	55,665	55,067	9,501	9,693	65,166	64,760
Current liabilities	12,625	11,837	339	318	12,964	12,155
Noncurrent liabilities	3,200	3,255	883	1,065	4,083	4,320
Deferred inflows	651	572	37	37	688	609
Total liabilities	16,476	15,664	1,259	1,420	17,735	17,084
Net position:						
Net investment in capital assets	31,089	31,244	4,506	5,044	35,595	36,288
Restricted	2,080	1,804	-	-	2,080	1,804
Unrestricted	6,020	6,355	3,736	3,229	9,756	9,584
Total net position	$ 39,189	$ 39,403	$ 8,242	$ 8,273	$ 47,431	$ 47,676

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 979	$ 694	$ 1,437	$ 1,432	$ 2,416	$ 2,126
Operating grants and contributions	40	266	255	100	295	366
Capital grants and contributions	374	790	1	-	375	790
General revenues:						
Property taxes	12,004	11,977	-	-	12,004	11,977
Motor vehicle permits	2,687	2,537	-	-	2,687	2,537
Penalties and interest on taxes	241	306	-	-	241	306
Grants and contributions not restricted to specific programs	853	787	-	-	853	787
Investment income	109	122	2	-	111	122
Miscellaneous	726	806	2	2	728	808
Total revenues	18,013	18,285	1,697	1,534	19,710	19,819
Expenses:						
General government	2,476	2,456	-	-	2,476	2,456
Public safety	8,111	7,711	-	-	8,111	7,711
Public works	6,377	5,918	-	-	6,377	5,918
Health and welfare	72	72	-	-	72	72
Culture and recreation	1,215	1,210	-	-	1,215	1,210
Interest	37	56	-	-	37	56
Sewer services	-	-	1,675	1,511	1,675	1,511
Total expenses	18,288	17,423	1,675	1,511	19,963	18,934
Change in net position before transfers and permanent fund	(275)	862	22	23	(253)	885
Transfers in (out)	53	200	(53)	(200)	-	-
Permanent fund contributions	8	4	-	-	8	4
Change in net position	(214)	1,066	(31)	(177)	(245)	889
Net position - beginning of year	39,403	38,337	8,273	8,450	47,676	46,787
Net position - end of year	$ 39,189	$ 39,403	$ 8,242	$ 8,273	$ 47,431	$ 47,676

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent year, total net position was $47,431,497, a change of $(244,238) from the prior year.

The largest portion of net position $35,595,270 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of $2,080,250 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position $9,755,977 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net position of $(213,077). Key elements of this change are as follows:

General fund operations, as discussed further in Section D	$ 140,565
Nonmajor funds	287,526
Depreciation expense in excess of principal debt service	(1,267,821)
Capital assets acquired, net of disposals	1,112,799
OPEB liability	(263,561)
Other	(222,585)
Total	$ (213,077)

Business-type activities. Business-type activities (Sewer Fund) for the year resulted in a change in net position of $(31,161).

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of $8,804,361, a change of $428,091 in comparison to the prior year. Key elements of this change are as follows:

General fund operations	$	140,565
Nonmajor funds		287,526
Total	$	428,091

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was $4,131,563, while total fund balance was $6,521,767. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

General Fund		12/31/14		12/31/13		Change	% of Total General Fund Expenditures
Unassigned fund balance	$	4,131,563	$	4,488,769	$	(357,206)	23.8%
Total fund balance	$	6,521,767	$	6,381,202	$	140,565	37.5%

The fund balance of the general fund changed by $140,565 during the current year. Key factors in this change are as follows:

Revenues less than budget	$	(100,843)
Expenditures less than budget		483,504
Tax collections as compared to budget		234,334
Use of fund balance as a funding source		(488,290)
Current year encumbrance to be expended in subsequent year over prior year encumbrance		18,062
Other GAAP differences		(74,301)
Change in capital reserves		68,099
Total	$	140,565

Included in the total general fund balance are the Town's capital reserve accounts with the following balances:

		12/31/14		12/31/13		Change
Capital reserves	$	412,623	$	344,524	$	68,099
Total	$	412,623	$	344,524	$	68,099

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to $3,735,606, a change of $506,650 in comparison with the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the original budget and the final amended budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year end amounted to $37,843,597 (net of accumulated depreciation), a change of $(1,158,003) from the prior year. This investment in capital assets includes land, buildings and system improvements, and machinery and equipment.

Major capital asset events during the current year included the following:

Purchase of:

East Dunbarton Road	$	522,730
2015 Ford 350 w/plow	$	162,941
Volvo backhoe loader	$	108,311
Forestry vehicle	$	95,542
2014 Ford Explorer	$	26,409
2014 Ford Explorer	$	26,409

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt. At the end of the current year, total bonded debt outstanding was $2,248,327, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in the Notes to the Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Goffstown's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Finance Director
Town of Goffstown
16 Main Street
Goffstown, New Hampshire 03045

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	$ 18,074,891	$ 3,799,608	$ 21,874,499
Investments	1,463,890	-	1,463,890
Restricted cash	412,623	-	412,623
Receivables, net of allowance for uncollectibles:			
Property taxes	1,220,252	-	1,220,252
User fees	112,902	129,150	242,052
Special assessment	21,957	-	21,957
Internal balances	52,605	(52,605)	-
Intergovernmental	673,167	9,113	682,280
Other assets	89,016	37,241	126,257
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	553,761	-	553,761
Special assessment	716,261	-	716,261
Intergovernmental	-	9,113	9,113
Capital assets:			
Land and construction in progress	5,635,861	-	5,635,861
Other capital assets, net of accumulated depreciation	26,638,480	5,569,256	32,207,736
TOTAL ASSETS	55,665,666	9,500,876	65,166,542
LIABILITIES			
Current:			
Accounts payable	978,008	142,445	1,120,453
Accrued liabilities	91,342	6,586	97,928
Tax refunds payable	185,514	-	185,514
Due to school district	10,926,207	-	10,926,207
Due to other governments	4,238	-	4,238
Other current liabilities	98,524	7,109	105,633
Current portion of long-term liabilities:			
Bonds payable	286,104	182,515	468,619
Other liabilities	54,772	263	55,035
Noncurrent:			
Bonds payable, net of current portion	899,152	880,556	1,779,708
Other liabilities, net of current portion	2,300,930	2,370	2,303,300
DEFERRED INFLOWS OF RESOURCES	651,169	37,241	688,410
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	16,475,960	1,259,085	17,735,045
NET POSITION			
Net investment in capital assets	31,089,085	4,506,185	35,595,270
Restricted for:			
Special purposes	1,056,118	-	1,056,118
Permanent funds:			
Nonexpendable	661,358	-	661,358
Expendable	362,774	-	362,774
Unrestricted	6,020,371	3,735,606	9,755,977
TOTAL NET POSITION	$ 39,189,706	$ 8,241,791	$ 47,431,497

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	$ 2,476,405	$ 257,024	$ -	$ -	$ (2,219,381)	$ -	$ (2,219,381)
Public safety	8,111,048	491,854	772	10,085	(7,608,337)	-	(7,608,337)
Public works	6,376,900	165,319	39,035	364,116	(5,808,430)	-	(5,808,430)
Health and welfare	71,753	-	-	-	(71,753)	-	(71,753)
Culture and recreation	1,215,126	64,801	-	-	(1,150,325)	-	(1,150,325)
Interest	37,243	-	-	-	(37,243)	-	(37,243)
Total Governmental Activities	18,288,475	978,998	39,807	374,201	(16,895,469)	-	(16,895,469)
Business-Type Activities:							
Sewer services	1,675,438	1,436,455	255,050	1,292	-	17,359	17,359
Total Business-Type Activities	1,675,438	1,436,455	255,050	1,292	-	17,359	17,359
Total	$ 19,963,913	$ 2,415,453	$ 294,857	$ 375,493	(16,895,469)	17,359	(16,878,110)
General Revenues, Interfund, and Contributions:							
Taxes					12,004,186	-	12,004,186
Motor vehicle permits					2,686,792	-	2,686,792
Penalties, interest, and other taxes					240,830	-	240,830
Grants and contributions not restricted to specific programs					853,042	-	853,042
Investment income					109,265	2,440	111,705
Miscellaneous					727,872	1,619	729,491
Interfund					52,579	(52,579)	-
Permanent fund contributions					7,826	-	7,826
Total general revenues, interfund, and contributions					16,682,392	(48,520)	16,633,872
Change in Net Position					(213,077)	(31,161)	(244,238)
Net Position:							
Beginning of year					39,402,783	8,272,952	47,675,735
End of year					$ 39,189,706	$ 8,241,791	$ 47,431,497

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and short-term investments	$ 17,194,396	$ 880,495	$ 18,074,891
Investments	-	1,463,890	1,463,890
Restricted cash	412,623	-	412,623
Receivables:			
Property taxes	1,855,032	-	1,855,032
User fees	13,740	391,796	405,536
Intergovernmental	673,167	-	673,167
Other	12,050	-	12,050
Due from other funds	112,471	14,006	126,477
TOTAL ASSETS	$ 20,273,479	$ 2,750,187	$ 23,023,666
LIABILITIES			
Accounts payable	$ 971,206	$ 6,802	$ 978,008
Accrued payroll	74,301	-	74,301
Tax refunds payable	185,514	-	185,514
Due to school district	10,926,207	-	10,926,207
Due to other governments	4,238	-	4,238
Due to other funds	-	73,872	73,872
Other liabilities	98,397	127	98,524
TOTAL LIABILITIES	12,259,863	80,801	12,340,664
DEFERRED INFLOWS OF RESOURCES	1,491,849	386,792	1,878,641
FUND BALANCES			
Nonspendable	-	661,358	661,358
Restricted	-	1,621,236	1,621,236
Committed	412,623	-	412,623
Assigned	1,977,581	-	1,977,581
Unassigned	4,131,563	-	4,131,563
TOTAL FUND BALANCES	6,521,767	2,282,594	8,804,361
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 20,273,479	$ 2,750,187	$ 23,023,666

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

DECEMBER 31, 2014

Total governmental fund balances	$ 8,804,361
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,274,341
• Deposits for assets not yet acquired.	83,800
• Long term receivables not yet billed.	733,011
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	852,192
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(17,041)
• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(3,540,958)
Net position of governmental activities	$ 39,189,706

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	$ 12,203,593	$ -	$ 12,203,593
Penalties, interest, and other taxes	285,580	-	285,580
Charges for services	306,084	661,663	967,747
Intergovernmental	1,267,050	-	1,267,050
Licenses and permits	2,795,287	-	2,795,287
Investment income	13,150	96,115	109,265
Contributions	-	7,826	7,826
Miscellaneous	579,856	148,016	727,872
Total Revenues	17,450,600	913,620	18,364,220
Expenditures:			
Current:			
General government	2,242,620	159,275	2,401,895
Public safety	7,058,619	432,484	7,491,103
Public works	4,885,005	-	4,885,005
Health and welfare	70,838	-	70,838
Culture and recreation	1,129,505	23,981	1,153,486
Capital outlay	1,660,552	-	1,660,552
Debt service	325,829	-	325,829
Total Expenditures	17,372,968	615,740	17,988,708
Excess (deficiency) of revenues over expenditures	77,632	297,880	375,512
Other Financing Sources (Uses):			
Transfers in	62,933	-	62,933
Transfers out	-	(10,354)	(10,354)
Total Other Financing Sources (Uses)	62,933	(10,354)	52,579
Excess (deficiency) of revenues and other sources over expenditures and other uses	140,565	287,526	428,091
Fund Equity, at Beginning of Year	6,381,202	1,995,068	8,376,270
Fund Equity, at End of Year	$ 6,521,767	$ 2,282,594	$ 8,804,361

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

Net changes in fund balances - total governmental funds	$	428,091
• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay purchases, net of disposals		1,112,799
Deposits for assets not yet acquired		83,800
Depreciation		(1,552,273)
• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property tax) differ between the two statements. This amount represents the net change in deferred revenue.		(341,401)
• The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:		
Repayments of debt		284,452
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		4,134
• Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.		(232,679)
Change in net position of governmental activities	$	(213,077)

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues and Other Sources:				
Taxes	$ 11,969,259	$ 11,969,259	$ 11,969,259	$ -
Licenses, permits, and fees	2,739,000	2,739,000	2,795,287	56,287
Intergovernmental	1,341,722	1,341,722	1,267,050	(74,672)
Charges for services	415,908	415,908	306,084	(109,824)
Investment income	6,000	6,000	13,088	7,088
Penalties, interest, and other taxes	315,497	315,497	285,580	(29,917)
Miscellaneous	590,840	590,840	579,856	(10,984)
Transfers in	1,754	1,754	62,933	61,179
Use of fund balance	488,290	488,290	488,290	-
Total Revenues and Other Sources	17,868,270	17,868,270	17,767,427	(100,843)
Expenditures and Other Uses:				
General government	2,360,195	2,360,195	2,262,394	97,801
Public safety	7,378,995	7,378,995	6,961,778	417,217
Public works	5,012,355	5,012,355	5,058,989	(46,634)
Health and welfare	81,847	81,847	70,838	11,009
Culture and recreation	1,149,043	1,149,043	1,124,931	24,112
Capital outlay	1,460,005	1,460,005	1,480,006	(20,001)
Transfer out	100,000	100,000	100,000	-
Debt service	325,830	325,830	325,830	-
Total Expenditures and Other Uses	17,868,270	17,868,270	17,384,766	483,504
Excess (deficiency) of revenues and other sources over expenditures and other uses	$ -	$ -	$ 382,661	$ 382,661

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2014

	Business-Type Activities Enterprise Funds Sewer Fund
ASSETS	
Current:	
Cash and short-term investments	$ 3,799,608
User fees, net of allowance for uncollectibles	129,150
Intergovernmental receivables	9,113
Other assets	37,241
Total current assets	3,975,112
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Intergovernmental receivable, net of current portion	9,113
Capital assets:	
Other capital assets, net of accumulated depreciation	5,569,256
Total noncurrent assets	5,578,369
TOTAL ASSETS	9,553,481
LIABILITIES	
Current:	
Accounts payable	142,445
Accrued liabilities	6,586
Due to other funds	52,605
Other liabilities	7,109
Current portion of long-term liabilities:	
Bonds payable	182,515
Other liabilities	263
Total current liabilities	391,523
Noncurrent:	
Bonds payable, net of current portion	880,556
Other liabilities, net of current portion	2,370
Total noncurrent liabilities	882,926
DEFERRED INFLOWS OF RESOURCES	37,241
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,311,690
NET POSITION	
Net investment in capital assets	4,506,185
Unrestricted	3,735,606
TOTAL NET POSITION	$ 8,241,791

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities Enterprise Funds Sewer Fund
Operating Revenues:	
Charges for services	$ 1,436,455
Miscellaneous	1,619
Total Operating Revenues	1,438,074
Operating Expenses:	
Sewer treatment	933,908
Depreciation	718,529
Total Operating Expenses	1,652,437
Operating Income (Loss)	(214,363)
Nonoperating Revenues (Expenses):	
Investment income	2,440
Intergovernmental revenue	256,342
Interest expense	(23,001)
Total Nonoperating Revenues (Expenses), Net	235,781
Income Before Transfers	21,418
Transfers:	
Transfers out	(52,579)
Change in Net Position	(31,161)
Net Position at Beginning of Year	8,272,952
Net Position at End of Year	$ 8,241,791

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities Enterprise Funds Sewer Fund
Cash Flows From Operating Activities:	
Receipts from customers and users	$ 1,463,347
Payments to vendors and employees	(861,000)
Net Cash Provided By (Used For) Operating Activities	602,347
Cash Flows from Noncapital and Related Financing Activities:	
Transfers to other funds	(52,579)
Net Cash (Used For) Noncapital and Related Financing Activities	(52,579)
Cash Flows From Capital and Related Financing Activities:	
Subsidy from State grants	265,455
Principal payments on bonds and notes	(180,718)
Interest expense	(23,001)
Net Cash (Used For) Capital and Related Financing Activities	61,736
Cash Flows From Investing Activities:	
Investment income	2,440
Net Cash (Used For) Investing Activities	2,440
Net Change in Cash and Short-Term Investments	613,944
Cash and Short-Term Investments, Beginning of Year	3,185,664
Cash and Short-Term Investments, End of Year	$ 3,799,608
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:	
Operating income (loss)	$ (214,363)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	718,529
Changes in assets and liabilities:	
User fees	25,273
Other assets	52,580
Accounts payable	20,991
Accrued liabilities	(1,760)
Other liabilities	1,097
Net Cash Provided By (Used For) Operating Activities	$ 602,347

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2014

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and short term investments	$ -	$ 1,784,636
Investments	501,630	-
Total Assets	501,630	1,784,636
LIABILITIES AND NET POSITION		
Escrow deposits	-	1,784,636
Total Liabilities	-	1,784,636
NET POSITION		
Total net position held in trust	$ 501,630	$ -

The accompanying notes are an integral part of these financial statements.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014

	Private Purpose Trust Funds
Additions:	
Contributions	$ 12,745
Investment income	24,934
Total additions	37,679
Deductions:	
Other	21,842
Total deductions	21,842
Net increase	15,837
Net position:	
Beginning of year	485,793
End of year	$ 501,630

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Goffstown, New Hampshire (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In 2014, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements
The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements
Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

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 Town considers property tax revenues to be available if they are collected within 60 days of the end of the current period. 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.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and

services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the sewer enterprise fund as a major proprietary fund.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the trust funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at market value.

F. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “due from/to other funds” (i.e., the current portion of interfund loans).

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Buildings	40
Building improvements	40
Infrastructure	30 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

H. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

J. *Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town’s fund balance classification policies and procedures are as follows:

1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., Town Meeting).
4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent year.
5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Town's budget is originally prepared by the Selectmen's office with the cooperation of the various department heads. It is then submitted to the Budget Committee, in accordance with the Municipal Budget Law. After reviewing the budget, the Committee holds a public hearing for discussion.

The final version of the budget is then submitted for approval at the annual Town Meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Selectmen cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

B. Budgetary Basis

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

General Fund	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Revenues/Expenditures (GAAP basis)	$ 17,450,600	$ 17,372,968
Other financing sources/uses (GAAP basis)	62,933	-
Subtotal (GAAP Basis)	17,513,533	17,372,968
Adjust tax revenue to accrual basis	(234,334)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(1,785,223)
Add end-of-year appropriation carryforwards from expenditures	-	1,803,285
Recognize use of fund balance as funding source	488,290	-
GAAP timing differences	-	(74,301)
To eliminate capital reserve activity	(62)	68,037
Budgetary basis	$ 17,767,427	$ 17,384,766

3. Cash and Short-Term Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Pursuant to NH Statute, “the treasurer shall insure that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town.” Although the Town has an investment policy, it does not discuss custodial credit risk.

As of December 31, 2014, $146,867 of the Town’s bank balance of $26,190,738 was exposed to custodial credit risk as uninsured or uncollateralized.

4. Investments

A. *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year-end for each investment of the Town:

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End Aaa	Aa	A
Corporate bonds	$ 357,703		$ -	$ -	$ 100,977	$ 256,726
Corporate equities	1,305,831	N/A	1,305,831	-	-	-
Mutual funds	100,396	N/A	100,396	-	-	-
Federal agency securities	201,590		-	201,590	-	-
Total investments	$ 1,965,520		$ 1,406,227	$ 201,590	$ 100,977	$ 256,726

B. *Concentration of Credit Risk*

Since the Town's investments all relate to trust funds, the Trustees of Trust Funds determines investment allocations for the Town's current investments. The Trustees' policy limits the amount the Town may invest in any one issuer to 8%.

C. *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Although the Trustees of Trust Funds have an investment policy, the policy does not limit investment maturities as a means of managing the Town's exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1	1-5	6-10
Corporate bonds	$ 357,703	$ -	$ 256,645	$ 101,058
Federal agency securities	201,590	72,078	80,754	48,758
Total	$ 559,293	$ 72,078	$ 337,399	$ 149,816

5. Restricted Cash

Restricted cash represents capital reserve funds held by the trustees of trust funds as of December 31, 2014.

6. Taxes Receivable

The Town bills property taxes semi-annually, in June and November. Property tax revenues are recognized in the year for which taxes have been levied to the extent that they become available, i.e., due or receivable, within the current year and collected within the current period or within 60 days of year-end.

Property taxes billed or collected in advance of the year for which they are levied, are recorded as a prepaid tax liability as they are intended to finance the subsequent year's budget.

The Town annually raises through tax levy an amount (overlay for abatements) for property tax abatements and interest refunds. All abatements and interest refunds are charged to overlay.

Property taxes are due on July 1 and December 1. Delinquent accounts are charged 12% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 18%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Taxes receivable at December 31, 2014 consist of the following:

Real estate:	
2014 levy	$ 1,292,914
Current use tax:	
2014 levy	8,000
Timber yield tax:	
2014 levy	357
Unredeemed taxes	
2013 levy	312,639
2012 levy	160,718
2011 levy	11,004
2010 and prior levy	8,777
Elderly liens	60,623
Total	$ 1,855,032

7. Allowance for Doubtful Accounts

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts:

	Governmental	Business-Type
Property taxes	$ 81,019	$ -
Special assessments	$ 1,627	$ -
Emergency medical services	$ 292,634	$ -
Utilities	$ -	$ 15,504

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in 2014, while the balance in the Sewer fund represents reimbursements from the State of New Hampshire to help finance future debt service costs on certain bonds payable.

9. Interfund Fund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2014 balances in interfund receivable and payable accounts:

Fund	Due From Other Funds	Due To Other Funds
General Fund	$ 112,471	$ -
Special Revenue Funds:		
Emergency medical services	14,006	73,872
Enterprise Funds	-	52,605
Total	$ 126,477	$ 126,477

10. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	$ 3,874	$ 49	$ -	$ 3,923
Machinery, equipment, and furnishings	10,587	702	(494)	10,795
Infrastructure	30,438	523	-	30,961
Total capital assets, being depreciated	44,899	1,274	(494)	45,679
Less accumulated depreciation for:				
Buildings and improvements	(2,132)	(104)	-	(2,236)
Machinery, equipment, and furnishings	(6,235)	(694)	439	(6,490)
Infrastructure	(9,561)	(754)	-	(10,315)
Total accumulated depreciation	(17,928)	(1,552)	439	(19,041)
Total capital assets, being depreciated, net	26,971	(278)	(55)	26,638
Capital assets, not being depreciated:				
Land	5,519	-	-	5,519
Construction in progress	222	157	(262)	117
Total capital assets, not being depreciated	5,741	157	(262)	5,636
Governmental activities capital assets, net	$ 32,712	$ (121)	$ (317)	$ 32,274

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery, equipment, and furnishings	$ 31	$ -	$ -	$ 31
Infrastructure	15,664	-	-	15,664
Total capital assets, being depreciated	15,695	-	-	15,695
Less accumulated depreciation for:				
Machinery, equipment, and furnishings	(31)	-	-	(31)
Infrastructure	(9,376)	(719)	-	(10,095)
Total accumulated depreciation	(9,407)	(719)	-	(10,126)
Total capital assets, being depreciated, net	6,288	(719)	-	5,569
Business-type activities capital assets, net	$ 6,288	$ (719)	$ -	$ 5,569

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	$ 40,819
Public safety	421,053
Public works	1,061,903
Culture and recreation	28,498
Total depreciation expense - governmental activities	$ 1,552,273
Business-Type Activities:	
Sewer	$ 718,529
Total depreciation expense - business-type activities	$ 718,529

11. Accounts Payable

Accounts payable represents 2014 expenditures paid after December 31, 2014.

12. Long-Term Debt

A. *General Obligation Bonds*

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

Governmental Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 12/31/14
State revolving loan program	06/01/16	2.73%	$ 328,000
State revolving loan program	10/01/17	2.47%	12,930
Lynchvill/Danis Park	07/01/30	2.86%	675,805
South Mast Road Project	12/01/16	0.85%	168,521
Total Governmental Activities:			$ 1,185,256

Business-Type Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 12/31/14
08/01 Sewer Bond	08/15/16	4.50%	$ 150,000
Mast Road Upgrade Project	10/01/22	1.70%	913,071
Total Business-Type Activities:			$ 1,063,071

B. *Future Debt Service*

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2014 are as follows:

Governmental	Principal	Interest	Total
2015	$ 286,104	$ 33,462	$ 319,566
2016	287,787	25,515	313,302
2017	40,165	17,536	57,701
2018	36,884	16,359	53,243
2019	37,941	15,302	53,243
2020 - 2024	206,639	59,580	266,219
2025 - 2029	237,975	28,245	266,220
Thereafter	51,761	1,482	53,243
Total	$ 1,185,256	$ 197,481	$ 1,382,737

The general fund has been designated as the sole source to repay the governmental-type general obligation long-term debt outstanding as of December 31, 2014.

Business-Type	Principal	Interest	Total
2015	$ 182,515	$ 22,684	$ 205,199
2016	184,342	17,294	201,636
2017	111,201	11,836	123,037
2018	113,092	9,945	123,037
2019	115,014	8,023	123,037
2020 - 2024	356,907	12,203	369,110
Total	$ 1,063,071	$ 81,985	$ 1,145,056

C. *Changes in General Long-Term Liabilities*

During the year ended December 31, 2014, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 1/1/14	Additions	Reductions	Total Balance 12/31/14	Less Current Portion	Equals Long-Term Portion 12/31/14
Governmental Activities						
Bonds payable	$ 1,469	$ -	$ (284)	$ 1,185	$ (286)	$ 899
Other:						
Landfill closure	646	-	(34)	612	(34)	578
OPEB liability	1,272	264	-	1,536	-	1,536
Accrued employee benefits	205	3	-	208	(21)	187
Totals	$ 3,592	$ 267	$ (318)	$ 3,541	$ (341)	$ 3,200

Business-Type Activities						
Bonds payable	$ 1,244	$ -	$ (181)	$ 1,063	$ (183)	$ 880
Other:						
Accrued employee benefits	2	1	-	3	-	3
Totals	$ 1,246	$ 1	$ (181)	$ 1,066	$ (183)	$ 883

13. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and postclosure care costs as a liability in the financial statements in each period based on landfill the Town used as of each balance sheet date.

The final capping of the landfill site was completed in September, 2002. The Town has reflected $612,000 as the estimate of the remaining postclosure care liability at December 31, 2014 in the Governmental Activities Statement of Net Position. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

14. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of December 31, 2014:

	Entity-wide Basis		Fund Basis Governmental Funds		Fund Basis Proprietary Funds
	Governmental Activities	Business-type Activities	General Fund	Nonmajor Fund	Sewer Fund
Taxes paid in advance	$ 1,079	$ -	$ 1,079	$ -	$ -
Unearned revenue- property tax	-	-	1,227,472	-	-
Unearned revenue- grants	263,298	37,241	263,298	-	37,241
Unearned revenue- ambulance fees	386,792	-	-	386,792	-
Total	$ 651,169	$ 37,241	$ 1,491,849	$ 386,792	$ 37,241

15. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

16. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at December 31, 2014:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, capital reserve funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at December 31, 2014:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Nonexpendable permanent funds	$ -	$ 661,358	$ 661,358
Total Nonexpendable	-	661,358	661,358
Restricted			
Special revenue funds	-	1,056,118	1,056,118
Expendable permanent funds	-	565,118	565,118
Total Restricted	-	1,621,236	1,621,236
Committed			
Capital reserve funds	412,623	-	412,623
Total Committed	412,623	-	412,623
Assigned			
Encumbrances	1,803,285	-	1,803,285
Reserved for expenditures	174,296	-	174,296
Total Assigned	1,977,581	-	1,977,581
Unassigned			
Unassigned	4,131,563	-	4,131,563
Total Unassigned	4,131,563	-	4,131,563
Total Fund Balance	$ 6,521,767	$ 2,282,594	$ 8,804,361

17. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	$ 4,131,563
Deferred inflows	1,227,472
Allowance for doubtful accounts	(127,354)
Other GAAP differences	134,468
Tax Rate Setting Balance	$ 5,366,149

18. Commitments and Contingencies

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

19. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

GASB Statement 45 *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions,* requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of January 1, 2012, the actuarial valuation date, approximately 33 retirees and 121 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. *Benefits Provided*

The Town provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. *Funding Policy*

Retirees contribute 100% of the cost of the health plan, as determined by the Town.

D. *Annual OPEB Costs and Net OPEB Obligation*

The Town's 2014 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending December 31, 2014, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of January 1, 2012.

Annual Required Contribution (ARC)	$ 347,637
Interest on net OPEB obligation	50,897
Adjustment to ARC	(61,669)
Annual OPEB cost	336,865
Contributions made	(73,304)
Increase in net OPEB obligation	263,561
Net OPEB obligation - beginning of year	1,272,418
Net OPEB obligation - end of year	$ 1,535,979

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	$ 336,865	21.8%	$ 1,535,979
2013	$ 320,693	18.7%	$ 1,272,418
2012	$ 304,696	15.6%	$ 1,011,821

E. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	$ 2,534,515
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 2,534,515
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	$ 7,103,062
UAAL as a percentage of covered payroll	35.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

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

In the January 1, 2012 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 9% which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 2.5%.

20. Retirement System

The Town follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds.

A. Plan Description

Full-time employees participate in the State of New Hampshire Retirement System (the System), a multiple-employer contributory pension plan and trust 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 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 of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement system (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Funding Policy

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees, 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16; for January – December 2014, 10.77% for employees, 25.30% for police, and 27.74% for fire. The Town's contributions to the System for the years ended December 31, 2014, 2013, and 2012 were $1,314,737, $1,132,146, and $995,843, respectively, which were equal to its annual required contributions for each of these years.

The payroll for employees covered by the System for the year ended December 31, 2014 was $7,606,081.

21. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three years.

22. Implementation of New GASB Standards

The GASB has issued Statement 68 *Accounting and Financial Reporting for Pensions*, which is required to be implemented in year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by recognizing as a liability and expense, the Town's applicable portion of the State of New Hampshire's actuarially accrued liability.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

ANNUALLY BUDGETED SPECIAL REVENUE FUNDS (EMERGENCY MEDICAL SERVICES)

FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
Revenues:				
Charges for services	$ 417,962	$ 417,962	$ 429,279	$ 11,317
Total Revenues	417,962	417,962	429,279	11,317
Expenditures:				
Public safety	417,962	417,962	371,334	46,628
Total Expenditures	417,962	417,962	371,334	46,628
Excess of revenues over expenditures	$ -	$ -	$ 57,945	$ 57,945

See Independent Auditors' Report.

TOWN OF GOFFSTOWN, NEW HAMPSHIRE

SCHEDULE OF FUNDING PROGRESS

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014
(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent-age of Covered Payroll [(b-a)/c]
01/01/12	$ -	$ 2,534,515	$ 2,534,515	0.0%	$ 7,103,062	35.7%
01/01/08	$ -	$ 2,065,337	$ 2,065,337	0.0%	$ 5,745,877	35.9%

See Independent Auditors' Report.