

# SAU#19



Media Release:

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For Immediate Release

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SAU 19 is notifying the taxpayers of Goffstown and New Boston of recently discovered irregularities and errors in financial information that was reported to the New Hampshire Department of Revenue Administration. This information affects the calculation of the local school property tax rate. At this time, all revenue, expenditures, and funds have been accounted for and there is no concern that money is missing or was spent inappropriately.

An outline of what has occurred:

- A mistake was made during the fiscal year 2018 budgeting process last year in projecting the Goffstown School District portion of the Tax Rate for December of 2017
- This prompted the Superintendent to ask the independent auditor, Angell and Company, to evaluate all forms that were submitted to the State of New Hampshire
- The auditor identified that there were several errors made in required financial submissions made to both the New Hampshire Department of Revenue Administration and the New Hampshire Department of Education
- In response, the Goffstown School District's attorney initiated a forensic audit to evaluate the findings further
- It was determined that unreserved fund balances at the end of numerous fiscal years were not properly returned for tax relief and the money remained on the school district's books and in the bank
- The Goffstown forensic audit went back to 2007 and identifies irregularities in the submission of State forms and the handling of unreserved funds
- The New Boston School District is currently undergoing an audit of all financials

The New Hampshire Department of Revenue Administration and the New Hampshire Department of Education were promptly notified of these errors by the SAU.

The reporting errors to the State of New Hampshire and the improper returning of money for tax relief at the end of fiscal year 2017 has resulted in the cumulative collection and retention of approximately \$9.1 million since the fiscal year beginning in July of 2011 for the Goffstown School District.

In New Boston, the annual audit is currently in process. It appears that the same reporting errors were made resulting in the retention of approximately \$1.1 million that could have been applied for tax relief.

It is noteworthy that both the Goffstown and New Boston School Districts, as well as the SAU, received favorable audit findings year after year with no management letters issued indicating that funds were retained. Recent presentations from the independent auditor were made to the Goffstown School Board on 03/21/16 and 03/20/17. These presentations can be viewed on Goffstown Television On-Demand through the Town website. It is important to note that audits are traditionally done on revenue received and expenditures made but do not generally include the review of reports submitted to the State. Audits moving forward will always include review of all State submissions.

This situation continues to be evaluated but the following are the current findings:

- The year-end fund balance amounts reported to the School Boards, tax rate setting authorities, and taxpayers were underreported and money was retained on the school districts' books and in the bank
- A series of reporting errors within the SAU 19 Business Office resulted in an accumulation of surplus money that could have been applied to reduce taxes in both districts

The SAU 19 Board accepted the resignation of Business Administrator Raymond Labore at its public meeting on December 13, 2017.

The following is a statement on behalf of former Business Administrator Raymond Labore and SAU 19:

“Ray apologizes to his co-workers and the residents of Goffstown and New Boston for these errors. Ray is heartbroken by these errors. This remorse is compounded by the fact that the SAU business office team, the Superintendent and the School Boards have worked so hard on being transparent with budgeting and striking a balance between the needs of our schools and the impact on local property taxes. Ray offers his most sincere apologies to school district employees, members of the Board of Selectmen, the Budget Committee/Finance Committee, the School Boards, and members of the community.”

The SAU 19 School Board, the Goffstown School Board and the New Boston School Board will continue to work to resolve these issues and take the following next steps:

- The SAU is ensuring all reporting and accounting practices are compliant with industry standards as well as New Hampshire Department of Revenue Administration and New Hampshire Department of Education expectations
- After the initial audit is completed for the New Boston School District, a forensic auditor is anticipated to evaluate the findings further
- The Goffstown and New Boston School Boards will continue to work closely with the Boards of Selectmen to review the implications on the tax rate
- Boards will explore options to manage the surplus money over time to avoid a sharp dip followed by a subsequent spike in the tax rate which can be extremely challenging for any homeowner who has property taxes paid along with their mortgage through an escrow account
- Boards will explore current practices for conducting the annual independent financial audit including the annual evaluation of all required state reporting