

**TOWN OF GOFFSTOWN,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2022**

**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
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**DECEMBER 31, 2022**

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Corrective Action Plan – Town of Goffstown



# PLODZIK & SANDERSON

*Professional Association/Certified Public Accountants*

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

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

To the Members of the Board of Selectmen  
Town of Goffstown  
Goffstown, New Hampshire

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, the major governmental and proprietary funds, and aggregate remaining fund information of the Town of Goffstown as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the major governmental and proprietary funds, and aggregate remaining fund information of the Town of Goffstown, as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the major general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Goffstown and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The Town of Goffstown's management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Goffstown's ability to continue as a going concern for twelve months beyond the financial statement date including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***Town of Goffstown  
Independent Auditor's Report***

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Goffstown's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Goffstown's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in fiscal year 2022 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

**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 Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

Such information is the responsibility of management and, 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.

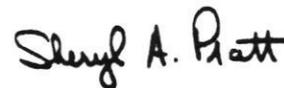
**Supplementary Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Goffstown's basic financial statements. The accompanying combining and individual fund schedules are presented for purposes of additional analysis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

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

***Town of Goffstown  
Independent Auditor's Report***

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024 on our consideration of the Town of Goffstown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Goffstown's internal control over financial reporting and compliance.



February 14, 2024  
Concord, New Hampshire

PLODZIK & SANDERSON  
Professional Association

## **Management Discussion and Analysis**

As management of the Town of Goffstown, New Hampshire (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2022.

### **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,
3. Notes to the financial statements.
4. Required supplementary information (including this management discussion and analysis)

This also contains the other supplementary information (SI) which includes the combining and individual fund schedules as well as the Schedule of Expenditures of Federal Awards (SEFA).

### ***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, liabilities, and deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, reimbursement-based grant funding, 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 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. The Town's 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 as 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 available resources, as well as on balances of available resources readily accessible at the end of fiscal year. Such information may be useful in evaluating the Town's near-term financial requirements.

Due to the focus of governmental funds being 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 Town's near-term financial decisions. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

### ***Proprietary Funds***

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds. The Town currently only operates one enterprise fund.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria is met:

1. Activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges,
2. Laws or regulations require the activity's costs of providing services be recovered with fees and charges, and
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation and debt service.

The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, in more detail. Specifically, the Town's enterprise fund is used to account for sewer operations, which is considered to be a major fund.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town. 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 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.

### ***Required Supplementary Information***

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

Included in this report are exhibits and notes pertaining to the Town's share of participation in the New Hampshire Retirement System (NHRS). These have a continual impact on the Town's government-wide financial statements and the associated RSI may shed light on otherwise ambiguous figures reported in the government-wide financial statements.

Also included in this report is other supplementary information which includes individual schedules for major funds, schedules for nonmajor governmental funds, and schedules for custodial funds which distinguish between the various governmental and custodial funds operated by the Town, as well as delve deeper into the budgetary performance and fund balance impact of the General Fund.

Government-Wide Financial Analysis

Statement of Net Position - Governmental Activities

Net position of the Town of Goffstown as of December 31, 2022 and 2021 is as follows:

|                                      | 2022                 | 2021                 | Change              | % of Change  |
|--------------------------------------|----------------------|----------------------|---------------------|--------------|
| Capital Assets, Net                  | \$ 36,722,647        | \$ 35,150,252        | \$ 1,572,395        | 4.47%        |
| Other Assets                         | 31,101,346           | 29,610,057           | 1,491,289           | 5.04%        |
| Total Assets                         | 67,823,993           | 64,760,309           | 3,063,684           | 4.73%        |
| Total Deferred Outflows of Resources | 5,067,305            | 3,745,808            | 1,321,497           | 35.28%       |
| Long-term Liabilities                | 24,854,622           | 19,228,645           | 5,625,977           | 29.26%       |
| Other Liabilities                    | 13,299,552           | 13,537,139           | (237,587)           | -1.76%       |
| Total Liabilities                    | 38,154,174           | 32,765,784           | 5,388,390           | 16.45%       |
| Total Deferred Inflows of Resources  | 4,850,980            | 6,551,140            | (1,700,160)         | -25.95%      |
| Net Position:                        |                      |                      |                     |              |
| Net Investment in Capital Assets     | 34,748,219           | 33,158,049           | 1,590,170           | 4.80%        |
| Restricted                           | 2,039,109            | 3,572,485            | (1,533,376)         | -42.92%      |
| Unrestricted                         | (6,901,184)          | (9,202,594)          | 2,301,410           | -25.01%      |
| Total Net Position                   | <u>\$ 29,886,144</u> | <u>\$ 27,527,940</u> | <u>\$ 2,358,204</u> | <u>8.57%</u> |

Statement of Activities - Governmental Activities

Changes in net position for the years ending December 31, 2022 and 2021 are as follows:

|                                              | 2022                 | 2021                 | Change              | % of Change     |
|----------------------------------------------|----------------------|----------------------|---------------------|-----------------|
| Revenues                                     |                      |                      |                     |                 |
| Program Revenues:                            |                      |                      |                     |                 |
| Charges for Services                         | \$ 1,637,477         | \$ 1,881,102         | \$ (243,625)        | -12.95%         |
| Operating Grants and Contributions           | 2,119,224            | 328,330              | 1,790,894           | 545.46%         |
| Capital Grants and Contributions             | -                    | 420,370              | (420,370)           | 100.00%         |
| General Revenues:                            |                      |                      |                     |                 |
| Property and Other Taxes                     | 15,835,378           | 14,083,296           | 1,752,082           | 12.44%          |
| Licenses and Permits                         | 3,635,960            | 3,703,924            | (67,964)            | -1.83%          |
| Grants and Contributions                     | 2,148,421            | 1,328,017            | 820,404             | 61.78%          |
| Miscellaneous                                | 537,337              | 688,380              | (151,043)           | -21.94%         |
| Total Revenues                               | <u>25,913,797</u>    | <u>22,433,419</u>    | <u>3,480,378</u>    | <u>15.51%</u>   |
| Expenses                                     |                      |                      |                     |                 |
| General Government                           | 4,856,264            | 5,221,124            | (364,860)           | -6.99%          |
| Public Safety                                | 6,264,188            | 7,758,557            | (1,494,369)         | -19.26%         |
| Public Works                                 | 10,870,766           | 7,316,205            | 3,554,561           | 48.58%          |
| Health and Welfare                           | 29,428               | 35,727               | (6,299)             | -17.63%         |
| Culture and Recreation                       | 1,485,611            | 1,229,290            | 256,321             | 20.85%          |
| Interest - Long-term Debt                    | 61,084               | 71,423               | (10,339)            | -14.48%         |
| Total Expenditures                           | <u>23,567,341</u>    | <u>21,632,326</u>    | <u>1,935,015</u>    | <u>8.95%</u>    |
| Transfers                                    | <u>11,748</u>        | <u>-</u>             | <u>11,748</u>       | <u>-100.00%</u> |
| Change in Net Position                       | <u>2,358,204</u>     | <u>801,093</u>       | <u>1,557,111</u>    | <u>194.37%</u>  |
| Net Position, Beginning of Year, As Restated | <u>27,527,940</u>    | <u>26,726,847</u>    | <u>801,093</u>      | <u>3.00%</u>    |
| Net Position, End of Year                    | <u>\$ 29,886,144</u> | <u>\$ 27,527,940</u> | <u>\$ 2,358,204</u> | <u>8.57%</u>    |

Government-Wide Financial Analysis

Statement of Net Position - Business-type Activities

Net position of the Town of Goffstown as of December 31, 2022 and 2021 is as follows:

|                                      | 2022                | 2021                | Change              | % of Change   |
|--------------------------------------|---------------------|---------------------|---------------------|---------------|
| Capital Assets, Net                  | \$ 2,955,498        | \$ 3,795,974        | \$ (840,476)        | -22.14%       |
| Other Assets                         | 5,532,711           | 4,696,637           | 836,074             | 17.80%        |
| Total Assets                         | <u>8,488,209</u>    | <u>8,492,611</u>    | <u>(4,402)</u>      | <u>-0.05%</u> |
| Total Deferred Outflows of Resources | 51,185              | 37,801              | 13,384              | 35.41%        |
| Long-term Liabilities                | 232,426             | 173,843             | 58,583              | 33.70%        |
| Other Liabilities                    | 276,497             | 90,944              | 185,553             | 204.03%       |
| Total Liabilities                    | <u>508,923</u>      | <u>264,787</u>      | <u>244,136</u>      | <u>92.20%</u> |
| Total Deferred Inflows of Resources  | 22,636              | 66,165              | (43,529)            | -65.79%       |
| Net Position:                        |                     |                     |                     |               |
| Net Investment in Capital Assets     | 2,955,498           | 3,795,974           | (840,476)           | -22.14%       |
| Unrestricted                         | 5,052,337           | 4,403,486           | 648,851             | 14.73%        |
| Total Net Position                   | <u>\$ 8,007,835</u> | <u>\$ 8,199,460</u> | <u>\$ (191,625)</u> | <u>-2.34%</u> |

Statement of Activities - Business-type Activities

Changes in net position for the years ending December 31, 2022 and 2021 are as follows:

|                                              | 2022                | 2021                | Change              | % of Change     |
|----------------------------------------------|---------------------|---------------------|---------------------|-----------------|
| Revenues                                     |                     |                     |                     |                 |
| Program Revenues:                            |                     |                     |                     |                 |
| Charges for Services                         | \$ 1,743,094        | \$ 1,446,190        | \$ 296,904          | 20.53%          |
| Operating Grants and Contributions           | -                   | 70,568              | (70,568)            | -100.00%        |
| General Revenues:                            |                     |                     |                     |                 |
| Miscellaneous                                | 71,192              | 37,409              | 33,783              | 90.31%          |
| Total Revenues                               | <u>1,814,286</u>    | <u>1,554,167</u>    | <u>260,119</u>      | <u>16.74%</u>   |
| Expenses                                     |                     |                     |                     |                 |
| Sanitation                                   | 1,994,163           | 1,168,650           | 825,513             | 70.64%          |
| Transfers                                    | <u>(11,748)</u>     | -                   | <u>(11,748)</u>     | <u>-100.00%</u> |
| Change in Net Position                       | <u>(191,625)</u>    | <u>385,517</u>      | <u>(577,142)</u>    | <u>-149.71%</u> |
| Net Position, Beginning of Year, As Restated | 8,199,460           | 7,813,943           | 385,517             | 4.93%           |
| Net Position, End of Year                    | <u>\$ 8,007,835</u> | <u>\$ 8,199,460</u> | <u>\$ (191,625)</u> | <u>-2.34%</u>   |

### Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$29,886,144, a change of \$2,358,204, and net position in business-type activities was \$8,007,835, a change of \$(191,625). As both the net position of the Governmental Activities and Business-type Activities were restated, please refer to Note 17, *Prior Period Adjustments*, contained within the Notes to the Financial Statements for further information.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$14,345,449, a change of \$(163,623) in comparison to the prior year. As the previous year's combined governmental funds fund balance was restated, please refer to Note 17, *Prior Period Adjustments*, contained within the Notes to the Financial Statements for further information.
- As of the close of the current fiscal year, total fund balance for the General Fund was \$10,831,384, a change of \$(264,061). As the previous year's General Fund fund balance was restated, please refer to Note 17, *Prior Period Adjustments*, contained within the Notes to the Financial Statements for further information.

### Financial Analysis of the Town'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 available resources. Such information is useful in assessing financial requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for appropriation during the next fiscal year, depending upon various factors and budgetary constraints.

#### *General Fund*

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,471,352 (non-GAAP basis), while total fund balance was \$10,831,384, which includes capital reserve funds and other similar assets. GAAP basis fund balance accounts for \$472,044 in deferred property taxes not collected within 60 days of the fiscal year-end. Unassigned fund balances decreased by \$(516,840), primarily resulting from favorable budgetary results of \$1,100,909 and amounts voted from prior year's surplus of \$(865,000) and amounts used to reduce or stabilize the tax rate of \$(750,000). The remaining decrease of \$(2,749) resulting from a change in the non-spendable fund balance carried which reflects tax deeded properties not yet available for resale.

| <u>General Fund</u>                      | <u>December 31, 2022</u> | <u>December 31, 2021</u> | <u>Change</u> |
|------------------------------------------|--------------------------|--------------------------|---------------|
|                                          |                          | <i>(As restated)</i>     |               |
| Unassigned fund balance (non-GAAP basis) | \$ 7,471,352             | \$ 7,988,192             | \$ (516,840)  |
| Total fund balance (GAAP basis)          | \$ 10,831,384            | \$ 11,095,445            | \$ (264,061)  |

The change in unassigned fund balance (non-GAAP basis) can be seen here:

|                               |    |                  |
|-------------------------------|----|------------------|
| Revenues in excess of budget  | \$ | 125,607          |
| Expenditures less than budget |    | 975,302          |
| Use of prior fund balance     |    | (1,615,000)      |
| Other                         |    | (2,749)          |
| Total                         | \$ | <u>(516,840)</u> |

Included in the total fund balance of the General Fund are the Town's capital reserve funds with the following balance:

|                 | <u>December 31, 2022</u> | <u>December 31, 2021</u><br><i>(As restated)</i> | <u>Change</u>       |
|-----------------|--------------------------|--------------------------------------------------|---------------------|
| Capital Reserve | \$ <u>1,506,662</u>      | \$ <u>1,936,127</u>                              | \$ <u>(429,465)</u> |
| Total           | \$ <u>1,506,662</u>      | \$ <u>1,936,127</u>                              | \$ <u>(429,465)</u> |

*Nonmajor Governmental Funds*

The fund balance of nonmajor governmental funds changed by \$100,438, primarily resulting from a net surplus from activity across the Town's various special revenue and permanent funds.

***Proprietary Funds***

Propriety 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 fund (Sewer Fund and blended reserves) at the end of the year amounted to \$5,052,337, a change of \$(191,625) in comparison to the prior year resulting primarily from certain asset restatements addressed below and negative operating results.

**General Fund Budgetary Highlights**

While included in the original budgetary process for the fiscal year, the Select Board of the Town withdrew \$705,313 from the Fire Apparatus Capital Reserve fund in order to pre-pay for the new fire engine.

For the purpose of reporting, the transfer in from capital reserves was reclassified in the final budget presented in the fund financial statements as other funding sources, rather than revenues.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$39,678,145 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, equipment, and furnishings, and infrastructure. Major capital asset additions during the fiscal year included the following:

- Pierce Enforcer Fire Engine (Construction in Progress, anticipated for 2024) - \$709,313
- New Radio System (Emergency Services – Construction in Progress) - \$1,608,189
- New Ambulance - \$250,635
- New 10-Wheel Plow - \$215,275
- Burn Curtain (incinerator system for the transfer station) - \$167,702

Major capital disposals and/or retirements included the following:

- 2007 10-Wheel Plow (trade-in - replaced by acquisition in current fiscal year)
- 100 yd Semi Trailer (retired – sold via closed bid)

Of the major capital additions in the current year, the new radio system for emergency services is entirely grant funded through federal dollars and the Pierce Enforcer fire engine was funded entirely through capital reserves. The ambulance was entirely funded through the Emergency Medical Services Special Revenue Fund, which is funded through charges for services rendered.

Capital asset changes in the proprietary Sewer Fund were primarily infrastructural but included the purchase of a fleet vehicle for operations.

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

### ***Long-Term Debt***

At the end of the current fiscal year, total bonded debt outstanding was \$1,974,428, all of which was backed by the full faith and credit of the government.

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

### **Restatement of Prior Financial Statements**

A restatement is the act of revising one or more of the Town's previous financial statements to account for an error, misstatement, or omission. For the purposes of these financial statements, this means a change to the beginning fund balance, as any impact that would have otherwise impacted revenues or expenditures in a previous period would have closed into fund balance effective at the end of that fiscal year.

As a result of many factors, such as a change of auditors, a change of staff, and a more detailed look into various miscellaneous balances and activity during and subsequent to the fiscal year, many restatements were made to rectify accounting errors, misstatements, or omissions primarily accumulated from data conversion from a previous accounting software. The following is a summary of those restatements:

### ***School Resource Revenues***

In 2018, the services provided to School Administrative Unit No. 19 for a school resource officer were billed to, and paid by, the School Administrative Unit; however, the billing and collection of these funds were both posted between balance sheet accounts and not recognized as revenue.

This restatement reflects the recognition of that revenue and the clearing of inaccurate balances maintained in the general fund accounting for this error. The impact is a net increase in the General Fund fund balance.

***Library Interfund Activity***

In the prior reporting period, an audit entry was proposed that inaccurately removed the interfund activity between the Library Fund and the General Fund for payment of bookkeeping services rendered by the General Fund, instead misstating cash for a payment that was otherwise properly made.

This restatement rectified an inaccurate entry reflected in the prior year's financial statements. The impact is a net increase in the General Fund fund balance.

***Overlay***

In prior periods, overlay activity related to abatements and other tax changes were being improperly posted to a balance sheet account previously established for budgetary purposes only.

This restatement reclassified accumulated overlay activity from prior years against tax revenues, where overlay is an offsetting account as intended. The impact is a net increase in the General Fund fund balance.

***Quarterly Cable Franchise Fees – GTV/General Fund***

It was identified during the fiscal year that the cable franchise fees received in 2022 associated with the last quarter of 2021 were improperly recognized as revenue in 2022.

This restatement moves revenue to the correct accounting period. This impact is a net increase in the General Fund and GTV Fund fund balance; however, subsequent proper period accounting for these quarterly revenues mostly nullified the impact in the current fiscal period.

***Carrying Balances – Accounts Payable***

As a result of a detailed reconciliation of system reporting to account balances in various funds' Accounts Payable accounts, it was identified that conversion data from the previous accounting software resulted in inaccurate carrying balances reported in the financial statements.

This restatement rectifies inaccurate carrying balances. The impact is a net increase in the General Fund and Sewer Fund fund balances.

***Carrying Balances – Insurance Withholding***

As a result of a detailed reconciliation of system reporting to account balances in an inactive insurance withholding account, it was identified that conversion data from the previous accounting software resulted in inaccurate carrying balances reported in the financial statements. Current withholding accounts, including those dedicated to insurance, are reconciled on a monthly basis without error.

This restatement reclassifies prior period health insurance expenditure offset activity held as balances in the General Fund. The impact is a net increase in the General Fund fund balance.

***Capital Improvement Plan Account – Full-Accrual Recognition***

In prior periods, the CIP (Capital Improvement Plan) accounts held in the Sewer Fund for planning purposes were misconstrued as Construction in Progress accounts, resulting in the total of that activity being recognized as a capital asset addition. As the vast majority of these expenses could not be tied to specific projects that would otherwise be recognized as asset additions, reclassification of those assets back to expenses was necessary.

This restatement reclassifies asset additions back to expenses in prior periods. The impact is a net decrease in net position.

### ***Salvage Values***

In prior periods, capital assets were added to the accounting system with salvage values. Salvage values are both not required and do not provide accurate information for reporting the disposal or retirement of assets, especially those of the infrastructure category.

This restatement removes salvage values on Sewer Fund infrastructure assets. The impact is a net decrease in the Sewer Fund (proprietary fund) net position.

### ***Deferred Tax Revenue***

In an effort to explain the interaction between tax receivables and deferred tax revenues, both exist on the balance sheet of the General Fund and must always equal each other. When monies are collected against tax receivable balances, both the tax receivable accounts and the equal and opposite deferred revenue are reduced to reflect a recognition of revenue in that period.

Starting in 2015, the first year of conversion to a new accounting software, the deferred tax revenue account was established with the guidance of the Town's previous auditor. Likely as a result of misunderstanding in the system processes tied to deferred tax revenue and the interaction with the associated tax receivable accounts, activity that flowed through tax receivable accounts was periodically not reflected in the deferred tax revenue account, and vice versa. The cumulative effect of this miscommunication resulted in a significant imbalance between the two account types and a surplus of deferred tax revenues that would have otherwise been recognized as revenue in the period those funds were collected.

This restatement recognizes the tax revenues of those prior periods and brings the tax receivable accounts back into balance with the deferred tax revenue account. The impact is a net increase in the General Fund fund balance.

### ***Landfill Post-Closure Care***

Likely due to a change in management with the Town's previous audit firm, the liability carried for the post-closure care costs of the landfill previously included in financial reporting was missed and/or removed in the 2021 financial statements. As this liability is assessed by the Town's engineer annually, but accounted for in the annual audit as a reporting requirement, it was not picked up in the Town's annual review of draft financial statements before they were issued in final format.

This restatement recognizes the liability and associated expense in the prior fiscal period. The impact is a net decrease in Government-wide net position.

### ***Compensated Absences***

Compensated Absences is a liability carried on a full-accrual basis of accounting that is generally accounted for only for reporting purposes. A listing with balances of time earned by employees that would otherwise be paid upon severance is provided to the audit firm annually and included in reporting. For reasons unknown, the amount reported for this liability differed from that of the listing provided in the prior audit period.

This restatement rectifies the difference between the balance we supported and the balance that was reported. The impact is a net decrease in Government-wide net position.

### ***Grant Receivable***

In the process of recording and requesting reimbursement for grant funding associated with the federal SAFER grant which funds firefighter positions, it was identified that the final submission of a prior year was not recorded as revenue in that period.

This restatement recognizes the receivable and revenue in a prior period. The impact is a net increase in fund balance.

### ***Escrow Balances and Activity***

It was identified through audit procedures in the current fiscal period under audit that escrow activity in the prior period was not properly reclassified from balances, which is historically performed by the auditors with the assistance of the Town.

This restatement recognizes escrow withdrawals and deposits which are treated as expenditures and revenues, respectively, to the fund for reporting purposes. The impact of this is a net increase to the Escrow Fund fund balance.

### ***School Impact Fees***

For the purposes of reporting, impact fees collected by the Town on behalf of Goffstown School District are held in Town accounts for the benefit of the School District. As such, these balances should be reported in a custodial capacity, which was not reflected in the prior financial report.

This restatement properly reports impact fees held on behalf of the School District as Fiduciary Funds. The net impact on fund balance for Other Governmental Funds is a decrease in fund balance, with a corresponding increase in fund balance for Fiduciary Funds.

### ***EMS Revenues***

It was identified through audit procedures and a change in how periodic EMS reporting is used for recognizing revenue effectively, that revenue from the prior period was improperly recognized in the current period.

This restatement properly accounts for revenues in the correct period. The impact is a net increase in the EMS Fund fund balance; however, the net effect of this adjustment is mostly nullified through current year activity recorded using the same updated practices.

### ***Local Other Post-Employment Benefits (OPEB)***

This is an actuarial assessment that is performed every two years by the Town's chosen actuarial firm. The process estimates the long-term liability of the Town's fringe benefits provided to existing employees eligible for the plans upon retirement and retired employees currently on the plans.

This restatement reconciles prior balances and full-accrual activity to the latest actuarial report. The impact is a net increase in Government-wide net position. Individual funds' fund balances are not impacted.

### ***Economic Factors and Current Conditions***

In fiscal year 2022, supplemental funding provided by COVID-19 response grants were still active, providing funding for the remaining costs associated with the public safety radio system. In addition, State budget surplus provided for additional supplementary funding in future periods to supplement road and bridge repair, maintenance and upgrades. These are generally recognized as revenue deferred until associated costs are recognized, so no impact to fund balances will be seen in the current fiscal year.

There were many open positions across various departments throughout the fiscal year, and planned efforts to remedy this issue include a wage and salary study to remain competitive with other local municipalities, as well as renegotiation of three out of four current collective bargaining agreements that are coming to an end in 2023. In 2022, eight public safety positions were supplemented by federally-funded public safety grants. In 2023, only four of those positions will be funded by grants.

In fiscal year 2022, the Town voted to use \$1,615,000 in unassigned fund balance to offset taxes (either to offset purchases or transfers to reserves or to reduce the tax rate directly). It is expected that the Town's unassigned fund balance in the general fund will intentionally decrease in 2022 as a result. As fund balance reserves were below the Select Board's approved percentage range at the end of 2022, no use of fund balance to offset taxes in 2023 is anticipated.

### **Requests for Information**

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

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

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2022**

|                                                  | Governmental<br>Activities | Business-type<br>Activities | Total                |
|--------------------------------------------------|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                                    |                            |                             |                      |
| Cash and cash equivalents                        | \$ 7,511,351               | \$ 1,863,738                | \$ 9,375,089         |
| Investments                                      | 20,342,986                 | 3,559,224                   | 23,902,210           |
| Taxes receivable (net)                           | 1,400,989                  | 162,353                     | 1,563,342            |
| Accounts receivable (net)                        | 755,798                    | -                           | 755,798              |
| Special assessments receivable                   | 364,427                    | -                           | 364,427              |
| Intergovernmental receivable                     | 611,012                    | -                           | 611,012              |
| Internal balances                                | 52,604                     | (52,604)                    | -                    |
| Voluntary tax liens reserved until collected     | 59,430                     | -                           | 59,430               |
| Tax deeded property, subject to resale           | 2,749                      | -                           | 2,749                |
| Capital assets:                                  |                            |                             |                      |
| Land and construction in progress                | 8,757,906                  | 313,181                     | 9,071,087            |
| Other capital assets, net of depreciation        | 27,964,741                 | 2,642,317                   | 30,607,058           |
| Total assets                                     | <u>67,823,993</u>          | <u>8,488,209</u>            | <u>76,312,202</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                            |                             |                      |
| Amounts related to pensions                      | 4,625,713                  | 46,724                      | 4,672,437            |
| Amounts related to other postemployment benefits | 441,592                    | 4,461                       | 446,053              |
| Total deferred outflows of resources             | <u>5,067,305</u>           | <u>51,185</u>               | <u>5,118,490</u>     |
| <b>LIABILITIES</b>                               |                            |                             |                      |
| Accounts payable                                 | 510,234                    | 27,024                      | 537,258              |
| Accrued salaries and benefits                    | 361,031                    | 3,723                       | 364,754              |
| Retainage payable                                | -                          | 53,649                      | 53,649               |
| Contracts payable                                | -                          | 71,541                      | 71,541               |
| Accrued interest payable                         | 24,064                     | -                           | 24,064               |
| Intergovernmental payable                        | 12,392,287                 | 120,560                     | 12,512,847           |
| Other payable                                    | 11,936                     | -                           | 11,936               |
| Long-term liabilities:                           |                            |                             |                      |
| Due within one year                              | 163,938                    | -                           | 163,938              |
| Due in more than one year                        | 24,690,684                 | 232,426                     | 24,923,110           |
| Total liabilities                                | <u>38,154,174</u>          | <u>508,923</u>              | <u>38,663,097</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                            |                             |                      |
| Unavailable revenue - property taxes             | 1,479,117                  | -                           | 1,479,117            |
| Unavailable revenue - grants                     | 1,037,841                  | -                           | 1,037,841            |
| Unavailable revenue - other                      | 126,980                    | 342                         | 127,322              |
| Amounts related to pensions                      | 371,211                    | 3,750                       | 374,961              |
| Amounts related to other postemployment benefits | 1,835,831                  | 18,544                      | 1,854,375            |
| Total deferred inflows of resources              | <u>4,850,980</u>           | <u>22,636</u>               | <u>4,873,616</u>     |
| <b>NET POSITION</b>                              |                            |                             |                      |
| Net investment in capital assets                 | 34,748,219                 | 2,955,498                   | 37,703,717           |
| Restricted                                       | 2,039,109                  | -                           | 2,039,109            |
| Unrestricted                                     | (6,901,184)                | 5,052,337                   | (1,848,847)          |
| Total net position                               | <u>\$ 29,886,144</u>       | <u>\$ 8,007,835</u>         | <u>\$ 37,893,979</u> |

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

**EXHIBIT B**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2022**

|                                                              | Expenses             | Program Revenues           |                                          | Net (Expense) Revenue and<br>Change in Net Position |                             | Total                |
|--------------------------------------------------------------|----------------------|----------------------------|------------------------------------------|-----------------------------------------------------|-----------------------------|----------------------|
|                                                              |                      | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                          | Business-type<br>Activities |                      |
| <b>Governmental activities:</b>                              |                      |                            |                                          |                                                     |                             |                      |
| General government                                           | \$ 4,856,264         | \$ 111,302                 | \$ 28,080                                | \$ (4,716,882)                                      | \$ -                        | \$ (4,716,882)       |
| Public safety                                                | 6,264,188            | 1,111,347                  | 466,669                                  | (4,686,172)                                         | -                           | (4,686,172)          |
| Highways and streets                                         | 9,497,523            | -                          | 1,624,475                                | (7,873,048)                                         | -                           | (7,873,048)          |
| Sanitation                                                   | 1,373,243            | 195,287                    | -                                        | (1,177,956)                                         | -                           | (1,177,956)          |
| Welfare                                                      | 29,428               | -                          | -                                        | (29,428)                                            | -                           | (29,428)             |
| Culture and recreation                                       | 1,485,611            | 217,204                    | -                                        | (1,268,407)                                         | -                           | (1,268,407)          |
| Conservation                                                 | -                    | 2,337                      | -                                        | 2,337                                               | -                           | 2,337                |
| Interest on long-term debt                                   | 61,084               | -                          | -                                        | (61,084)                                            | -                           | (61,084)             |
| Total governmental activities                                | <u>23,567,341</u>    | <u>1,637,477</u>           | <u>2,119,224</u>                         | <u>(19,810,640)</u>                                 | <u>-</u>                    | <u>(19,810,640)</u>  |
| <b>Business-type activities:</b>                             |                      |                            |                                          |                                                     |                             |                      |
| Sewer                                                        | 1,994,163            | 1,743,094                  | -                                        | -                                                   | (251,069)                   | (251,069)            |
| Total                                                        | <u>\$ 25,561,504</u> | <u>\$ 3,380,571</u>        | <u>\$ 2,119,224</u>                      | <u>(19,810,640)</u>                                 | <u>(251,069)</u>            | <u>(20,061,709)</u>  |
| General revenues:                                            |                      |                            |                                          |                                                     |                             |                      |
| Taxes:                                                       |                      |                            |                                          |                                                     |                             |                      |
| Property                                                     |                      |                            |                                          | 15,689,416                                          | -                           | 15,689,416           |
| Other                                                        |                      |                            |                                          | 145,962                                             | -                           | 145,962              |
| Motor vehicle permit fees                                    |                      |                            |                                          | 3,427,933                                           | -                           | 3,427,933            |
| Licenses and other fees                                      |                      |                            |                                          | 208,027                                             | -                           | 208,027              |
| Grants and contributions not restricted to specific programs |                      |                            |                                          | 2,148,421                                           | -                           | 2,148,421            |
| Unrestricted investment earnings                             |                      |                            |                                          | 112,729                                             | 71,192                      | 183,921              |
| Miscellaneous                                                |                      |                            |                                          | 923,706                                             | -                           | 923,706              |
| Unrealized loss on investments                               |                      |                            |                                          | (499,098)                                           | -                           | (499,098)            |
| Total general revenues                                       |                      |                            |                                          | <u>22,157,096</u>                                   | <u>71,192</u>               | <u>22,228,288</u>    |
| Transfers                                                    |                      |                            |                                          | 11,748                                              | (11,748)                    | -                    |
| Change in net position                                       |                      |                            |                                          | 2,358,204                                           | (191,625)                   | 2,166,579            |
| Net position, beginning, as restated (see Note 17)           |                      |                            |                                          | 27,527,940                                          | 8,199,460                   | 35,727,400           |
| Net position, ending                                         |                      |                            |                                          | <u>\$ 29,886,144</u>                                | <u>\$ 8,007,835</u>         | <u>\$ 37,893,979</u> |

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

**EXHIBIT C-1**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2022**

|                                                                        | General              | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------------------------------------------|----------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                                          |                      |                                |                                |
| Cash and cash equivalents                                              | \$ 4,674,175         | \$ 2,837,176                   | \$ 7,511,351                   |
| Investments                                                            | 19,206,992           | 1,135,994                      | 20,342,986                     |
| Taxes receivable                                                       | 1,400,989            | -                              | 1,400,989                      |
| Accounts receivable (net)                                              | 58,718               | 697,080                        | 755,798                        |
| Intergovernmental receivable                                           | 561,012              | 50,000                         | 611,012                        |
| Interfund receivable                                                   | 205,307              | 10,800                         | 216,107                        |
| Voluntary tax liens reserved until collected                           | 59,430               | -                              | 59,430                         |
| Tax deeded property, subject to resale                                 | 2,749                | -                              | 2,749                          |
| Total assets                                                           | <u>\$ 26,169,372</u> | <u>\$ 4,731,050</u>            | <u>\$ 30,900,422</u>           |
| <b>LIABILITIES</b>                                                     |                      |                                |                                |
| Accounts payable                                                       | \$ 494,958           | \$ 15,276                      | \$ 510,234                     |
| Accrued salaries and benefits                                          | 352,694              | 8,337                          | 361,031                        |
| Intergovernmental payable                                              | 12,389,459           | 2,828                          | 12,392,287                     |
| Interfund payable                                                      | 10,800               | 152,703                        | 163,503                        |
| Other payable                                                          | 11,936               | -                              | 11,936                         |
| Total liabilities                                                      | <u>13,259,847</u>    | <u>179,144</u>                 | <u>13,438,991</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                      |                                |                                |
| Unavailable revenue - property taxes                                   | 1,951,161            | -                              | 1,951,161                      |
| Unavailable revenue - grants                                           | -                    | 1,037,841                      | 1,037,841                      |
| Unavailable revenue - other                                            | 126,980              | -                              | 126,980                        |
| Total deferred inflows of resources                                    | <u>2,078,141</u>     | <u>1,037,841</u>               | <u>3,115,982</u>               |
| <b>FUND BALANCES</b>                                                   |                      |                                |                                |
| Nonspendable                                                           | 2,749                | 742,797                        | 745,546                        |
| Restricted                                                             | -                    | 1,296,312                      | 1,296,312                      |
| Committed                                                              | 1,506,662            | 1,474,956                      | 2,981,618                      |
| Assigned                                                               | 2,322,665            | -                              | 2,322,665                      |
| Unassigned                                                             | 6,999,308            | -                              | 6,999,308                      |
| Total fund balances                                                    | <u>10,831,384</u>    | <u>3,514,065</u>               | <u>14,345,449</u>              |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 26,169,372</u> | <u>\$ 4,731,050</u>            | <u>\$ 30,900,422</u>           |

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

**EXHIBIT C-2**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**December 31, 2022**

|                                                                                                                                                                                                                                             |                     |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| Amounts reported for governmental activities in the Statement of Net Position are different because:                                                                                                                                        |                     |                      |
| Total fund balances of governmental funds (Exhibit C-1)                                                                                                                                                                                     |                     | \$ 14,345,449        |
| Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.                                                                                                  |                     |                      |
| Cost                                                                                                                                                                                                                                        | \$ 67,307,301       |                      |
| Less accumulated depreciation                                                                                                                                                                                                               | <u>(30,584,654)</u> |                      |
|                                                                                                                                                                                                                                             |                     | 36,722,647           |
| Pension and other postemployment benefit (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                                                                                                                                                                                          | \$ 4,625,713        |                      |
| Deferred inflows of resources related to pensions                                                                                                                                                                                           | (371,211)           |                      |
| Deferred outflows of resources related to OPEB                                                                                                                                                                                              | 441,592             |                      |
| Deferred inflows of resources related to OPEB                                                                                                                                                                                               | <u>(1,835,831)</u>  |                      |
|                                                                                                                                                                                                                                             |                     | 2,860,263            |
| Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.                                                                                                                              |                     |                      |
| Receivables                                                                                                                                                                                                                                 | \$ (163,503)        |                      |
| Payables                                                                                                                                                                                                                                    | <u>163,503</u>      |                      |
|                                                                                                                                                                                                                                             |                     | -                    |
| Long-term revenue (taxes) is not available to pay current period expenditures, and therefore, is deferred in the governmental funds.                                                                                                        |                     | 472,044              |
| Long-term receivables are not current financial resources, therefore, are not reported in the governmental funds.                                                                                                                           |                     | 364,427              |
| Interest on long-term debt is not accrued in governmental funds.                                                                                                                                                                            |                     |                      |
| Accrued interest payable                                                                                                                                                                                                                    |                     | (24,064)             |
| Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.                                                                                                                 |                     |                      |
| Bond                                                                                                                                                                                                                                        | \$ 1,470,000        |                      |
| Unamortized bond premium                                                                                                                                                                                                                    | 128,520             |                      |
| Note                                                                                                                                                                                                                                        | 375,908             |                      |
| Compensated absences                                                                                                                                                                                                                        | 307,558             |                      |
| Accrued landfill postclosure care costs                                                                                                                                                                                                     | 218,400             |                      |
| Net pension liability                                                                                                                                                                                                                       | 19,308,237          |                      |
| Other postemployment benefits                                                                                                                                                                                                               | <u>3,045,999</u>    |                      |
|                                                                                                                                                                                                                                             |                     | <u>(24,854,622)</u>  |
| Net position of governmental activities (Exhibit A)                                                                                                                                                                                         |                     | <u>\$ 29,886,144</u> |

**EXHIBIT C-3**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2022**

|                                                              | General              | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------|----------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>                                              |                      |                                |                                |
| Taxes                                                        | \$ 15,395,363        | \$ 15,800                      | \$ 15,411,163                  |
| Licenses and permits                                         | 3,635,960            | -                              | 3,635,960                      |
| Intergovernmental                                            | 2,805,840            | 1,698,479                      | 4,504,319                      |
| Charges for services                                         | 373,828              | 1,263,649                      | 1,637,477                      |
| Miscellaneous                                                | 449,207              | 350,554                        | 799,761                        |
| Unrealized loss on investments                               | -                    | (499,098)                      | (499,098)                      |
| Total revenues                                               | <u>22,660,198</u>    | <u>2,829,384</u>               | <u>25,489,582</u>              |
| <b>EXPENDITURES</b>                                          |                      |                                |                                |
| Current:                                                     |                      |                                |                                |
| General government                                           | 5,070,258            | 27,921                         | 5,098,179                      |
| Public safety                                                | 8,106,411            | 486,848                        | 8,593,259                      |
| Highways and streets                                         | 3,295,563            | 31,807                         | 3,327,370                      |
| Sanitation                                                   | 1,432,740            | -                              | 1,432,740                      |
| Welfare                                                      | 29,516               | -                              | 29,516                         |
| Culture and recreation                                       | 1,249,962            | 240,413                        | 1,490,375                      |
| Debt service:                                                |                      |                                |                                |
| Principal                                                    | 105,000              | -                              | 105,000                        |
| Interest and other charges                                   | 108,290              | -                              | 108,290                        |
| Capital outlay                                               | 3,549,067            | 1,931,157                      | 5,480,224                      |
| Total expenditures                                           | <u>22,946,807</u>    | <u>2,718,146</u>               | <u>25,664,953</u>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(286,609)</u>     | <u>111,238</u>                 | <u>(175,371)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                                |                                |
| Transfers in                                                 | 22,548               | -                              | 22,548                         |
| Transfers out                                                | -                    | (10,800)                       | (10,800)                       |
| Total other financing sources (uses)                         | <u>22,548</u>        | <u>(10,800)</u>                | <u>11,748</u>                  |
| Net change in fund balances                                  | (264,061)            | 100,438                        | (163,623)                      |
| Fund balances, beginning, as restated (see Note 17)          | 11,095,445           | 3,413,627                      | 14,509,072                     |
| Fund balances, ending                                        | <u>\$ 10,831,384</u> | <u>\$ 3,514,065</u>            | <u>\$ 14,345,449</u>           |

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

**EXHIBIT C-4**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended December 31, 2022**

|                                                                                                                                                                                                                                                                                                                                                             |                    |                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------|
| Amounts reported for governmental activities in the Statement of Activities are different because:                                                                                                                                                                                                                                                          |                    |                         |
| Net change in fund balances of governmental funds (Exhibit C-3)                                                                                                                                                                                                                                                                                             | \$                 | (163,623)               |
| Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:                                                                                 |                    |                         |
| Capitalized capital outlay                                                                                                                                                                                                                                                                                                                                  | \$ 3,685,755       |                         |
| Depreciation expense                                                                                                                                                                                                                                                                                                                                        | <u>(2,173,422)</u> |                         |
|                                                                                                                                                                                                                                                                                                                                                             |                    | 1,512,333               |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.                                                                                                                                                                                                                      |                    | 60,062                  |
| Transfers in and out between governmental funds are eliminated on the Statement of Activities.                                                                                                                                                                                                                                                              |                    |                         |
| Transfers in                                                                                                                                                                                                                                                                                                                                                | \$ (10,800)        |                         |
| Transfers out                                                                                                                                                                                                                                                                                                                                               | <u>10,800</u>      |                         |
|                                                                                                                                                                                                                                                                                                                                                             |                    | -                       |
| Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.                                                                                                                                                                                                              |                    |                         |
| Change in deferred tax revenue                                                                                                                                                                                                                                                                                                                              | \$ 472,044         |                         |
| Change in long-term receivable                                                                                                                                                                                                                                                                                                                              | <u>(47,829)</u>    |                         |
|                                                                                                                                                                                                                                                                                                                                                             |                    | 424,215                 |
| 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. |                    |                         |
| Repayment of bond principal                                                                                                                                                                                                                                                                                                                                 | \$ 105,000         |                         |
| Repayment of note principal                                                                                                                                                                                                                                                                                                                                 | 41,295             |                         |
| Amortization of bond premium                                                                                                                                                                                                                                                                                                                                | <u>9,180</u>       |                         |
|                                                                                                                                                                                                                                                                                                                                                             |                    | 155,475                 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.                                                                                                                                                                         |                    |                         |
| Increase in accrued interest expense                                                                                                                                                                                                                                                                                                                        | \$ (3,269)         |                         |
| Increase in compensated absences payable                                                                                                                                                                                                                                                                                                                    | (38,310)           |                         |
| Decrease in accrued landfill postclosure care costs                                                                                                                                                                                                                                                                                                         | 55,050             |                         |
| Net change in net pension liability, and deferred outflows and inflows of resources related to pensions                                                                                                                                                                                                                                                     | 245,421            |                         |
| Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits                                                                                                                                                                                                           | <u>110,850</u>     |                         |
|                                                                                                                                                                                                                                                                                                                                                             |                    | <u>369,742</u>          |
| Changes in net position of governmental activities (Exhibit B)                                                                                                                                                                                                                                                                                              | \$                 | <u><u>2,358,204</u></u> |

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

**EXHIBIT D**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended December 31, 2022**

|                                                               | Budgeted Amounts      |                       | Actual              | Variance<br>Positive<br>(Negative) |
|---------------------------------------------------------------|-----------------------|-----------------------|---------------------|------------------------------------|
|                                                               | Original              | Final                 |                     |                                    |
| <b>REVENUES</b>                                               |                       |                       |                     |                                    |
| Taxes                                                         | \$ 15,855,739         | \$ 15,855,739         | \$ 15,867,407       | \$ 11,668                          |
| Licenses and permits                                          | 3,641,100             | 3,641,100             | 3,635,960           | (5,140)                            |
| Intergovernmental                                             | 2,771,677             | 2,771,677             | 2,805,840           | 34,163                             |
| Charges for services                                          | 1,055,584             | 350,271               | 373,828             | 23,557                             |
| Miscellaneous                                                 | 362,000               | 362,000               | 423,359             | 61,359                             |
| Total revenues                                                | <u>23,686,100</u>     | <u>22,980,787</u>     | <u>23,106,394</u>   | <u>125,607</u>                     |
| <b>EXPENDITURES</b>                                           |                       |                       |                     |                                    |
| Current:                                                      |                       |                       |                     |                                    |
| General government                                            | 5,538,261             | 5,370,096             | 5,039,312           | 330,784                            |
| Public safety                                                 | 8,341,745             | 8,479,036             | 8,086,309           | 392,727                            |
| Highways and streets                                          | 3,781,078             | 3,805,781             | 3,641,576           | 164,205                            |
| Sanitation                                                    | 1,251,442             | 1,252,839             | 1,442,040           | (189,201)                          |
| Welfare                                                       | 50,393                | 50,393                | 29,516              | 20,877                             |
| Culture and recreation                                        | 1,286,116             | 1,303,620             | 1,249,962           | 53,658                             |
| Debt service:                                                 |                       |                       |                     |                                    |
| Principal                                                     | 105,000               | 105,000               | 105,000             | -                                  |
| Interest                                                      | 55,048                | 55,048                | 55,046              | 2                                  |
| Other                                                         | 53,244                | 53,244                | 53,244              | -                                  |
| Capital outlay                                                | 4,611,321             | 4,598,591             | 4,396,341           | 202,250                            |
| Total expenditures                                            | <u>25,073,648</u>     | <u>25,073,648</u>     | <u>24,098,346</u>   | <u>975,302</u>                     |
| Excess (deficiency) of revenues<br>over (under) expenditures  | <u>(1,387,548)</u>    | <u>(2,092,861)</u>    | <u>(991,952)</u>    | <u>1,100,909</u>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                       |                       |                     |                                    |
| Transfers in                                                  | 22,548                | 727,861               | 727,861             | -                                  |
| Transfers out                                                 | (250,000)             | (250,000)             | (250,000)           | -                                  |
| Total other financing sources (uses)                          | <u>(227,452)</u>      | <u>477,861</u>        | <u>477,861</u>      | <u>-</u>                           |
| Net change in fund balances                                   | <u>\$ (1,615,000)</u> | <u>\$ (1,615,000)</u> | (514,091)           | <u>\$ 1,100,909</u>                |
| Increase in nonspendable fund balance                         |                       |                       | (2,749)             |                                    |
| Unassigned fund balance, beginning, as restated (see Note 17) |                       |                       | 7,988,192           |                                    |
| Unassigned fund balance, ending                               |                       |                       | <u>\$ 7,471,352</u> |                                    |

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

**EXHIBIT E-1**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Proprietary Fund**  
**Statement of Net Position**  
**December 31, 2022**

|                                                  | Business-type<br>Activities |
|--------------------------------------------------|-----------------------------|
|                                                  | Enterprise Fund<br>(Sewer)  |
| <b>ASSETS</b>                                    |                             |
| Cash and cash equivalents                        | \$ 1,863,738                |
| Investments                                      | 3,559,224                   |
| Taxes receivable (net)                           | 162,353                     |
| Capital assets:                                  |                             |
| Land and construction in progress                | 313,181                     |
| Other capital assets, net of depreciation        | 2,642,317                   |
| Total assets                                     | 8,540,813                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                             |
| Amounts related to pensions                      | 46,724                      |
| Amounts related to other postemployment benefits | 4,461                       |
| Total deferred outflows of resources             | 51,185                      |
| <b>LIABILITIES</b>                               |                             |
| Current liabilities:                             |                             |
| Accounts payable                                 | 27,024                      |
| Accrued salaries and benefits                    | 3,723                       |
| Retainage payable                                | 53,649                      |
| Contract payable                                 | 71,541                      |
| Intergovernmental payable                        | 120,560                     |
| Internal balances                                | 52,604                      |
| Long term liabilities:                           |                             |
| Due in more than one year                        | 232,426                     |
| Total liabilities                                | 561,527                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                             |
| Unavailable revenue - other                      | 342                         |
| Amounts related to pensions                      | 3,750                       |
| Amounts related to other postemployment benefits | 18,544                      |
| Total deferred inflows of resources              | 22,636                      |
| <b>NET POSITION</b>                              |                             |
| Net investment in capital assets                 | 2,955,498                   |
| Unrestricted                                     | 5,052,337                   |
| Total net position                               | \$ 8,007,835                |

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

**EXHIBIT E-2**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Proprietary Fund**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended December 31, 2022**

|                                                    | Business-type<br>Activities |
|----------------------------------------------------|-----------------------------|
|                                                    | Enterprise Fund<br>(Sewer)  |
| Operating revenues:                                |                             |
| User charges                                       | \$ 1,662,762                |
| Miscellaneous                                      | 80,332                      |
| Total operating revenues                           | 1,743,094                   |
| Operating expenses:                                |                             |
| Salaries and wages                                 | 264,495                     |
| Operation and maintenance                          | 1,459,578                   |
| Contractual services                               | 119,193                     |
| Materials and supplies                             | 15,923                      |
| Depreciation                                       | 134,974                     |
| Total operating expenses                           | 1,994,163                   |
| Operating loss                                     | (251,069)                   |
| Nonoperating revenue:                              |                             |
| Interest income                                    | 71,192                      |
| Other financing uses:                              |                             |
| Transfers out                                      | (11,748)                    |
| Change in net position                             | (191,625)                   |
| Net position, beginning, as restated (see Note 17) | 8,199,460                   |
| Net position, ending                               | \$ 8,007,835                |

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

**EXHIBIT E-3**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Proprietary Fund**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended December 31, 2022**

|                                                                                             | Business-type<br>Activities |
|---------------------------------------------------------------------------------------------|-----------------------------|
|                                                                                             | Enterprise Fund<br>(Sewer)  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                |                             |
| Receipts from customers and users                                                           | \$ 1,735,002                |
| Payments to employees                                                                       | (110,711)                   |
| Payments to suppliers                                                                       | (1,547,775)                 |
| Net cash provided by operating activities                                                   | 76,516                      |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES:</b>                        |                             |
| Acquisition and construction of fixed assets                                                | (363,694)                   |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES:</b>                                |                             |
| Operating transfers out                                                                     | (11,748)                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                |                             |
| Interest on investments                                                                     | 12,862                      |
| Net change in cash and cash equivalents                                                     | (286,064)                   |
| Cash and cash equivalents, beginning                                                        | 2,149,802                   |
| Cash and cash equivalents, ending                                                           | \$ 1,863,738                |
| <b><i>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</i></b> |                             |
| Operating loss                                                                              | \$ (251,069)                |
| Adjustments to reconcile operating loss to net<br>cash provided by operating activities:    |                             |
| Depreciation expense                                                                        | 134,975                     |
| Change in accounts receivable                                                               | (8,092)                     |
| Change in deferred outflows related to pensions                                             | (12,750)                    |
| Change in deferred outflows related to OPEB                                                 | (634)                       |
| Change in accounts payable                                                                  | 148,971                     |
| Change in accrued salaries and benefits                                                     | 3,723                       |
| Change in retainage payable                                                                 | 46,918                      |
| Change in compensated absences                                                              | 4,247                       |
| Change in net pension liability                                                             | 53,554                      |
| Change in OPEB liability                                                                    | 544                         |
| Change in deferred inflows related to pensions                                              | (43,282)                    |
| Change in deferred inflows related to OPEB                                                  | (589)                       |
| Total adjustments                                                                           | 327,585                     |
| Net cash provided by operating activities                                                   | \$ 76,516                   |

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

**EXHIBIT F-1**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2022**

|                              | Private<br>Purpose<br>Trust | Other<br>Custodial<br>Funds | Total               |
|------------------------------|-----------------------------|-----------------------------|---------------------|
| <b>ASSETS</b>                |                             |                             |                     |
| Cash and cash equivalents    | \$ 35,766                   | \$ 449,433                  | \$ 485,199          |
| Investments                  | 784,436                     | 464,358                     | 1,248,794           |
| Accounts receivable          | -                           | 99,834                      | 99,834              |
| Intergovernmental receivable | -                           | 12,337,689                  | 12,337,689          |
| Total assets                 | <u>820,202</u>              | <u>13,351,314</u>           | <u>14,171,516</u>   |
| <b>LIABILITIES</b>           |                             |                             |                     |
| Intergovernmental payables:  |                             |                             |                     |
| School                       | <u>-</u>                    | <u>12,337,689</u>           | <u>12,337,689</u>   |
| <b>NET POSITION</b>          |                             |                             |                     |
| Restricted                   | <u>\$ 820,202</u>           | <u>\$ 1,013,625</u>         | <u>\$ 1,833,827</u> |

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

**EXHIBIT F-2**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2022**

|                                                    | Private<br>Purpose<br>Trust | All<br>Custodial<br>Funds | Total               |
|----------------------------------------------------|-----------------------------|---------------------------|---------------------|
| <b>ADDITIONS</b>                                   |                             |                           |                     |
| Contributions                                      | \$ 26,913                   | \$ 273,145                | \$ 300,058          |
| Change in fair market value                        | 72,005                      | -                         | 72,005              |
| Investment earnings                                | 37,445                      | 8,948                     | 46,393              |
| Taxes collected for other governments              | -                           | 29,986,531                | 29,986,531          |
| Motor vehicle permit fees collected                | -                           | 1,099,010                 | 1,099,010           |
| Total additions                                    | <u>136,363</u>              | <u>31,367,634</u>         | <u>31,503,997</u>   |
| <b>DEDUCTIONS</b>                                  |                             |                           |                     |
| Benefits paid                                      | 37,363                      | 191,711                   | 229,074             |
| Payments of taxes to other governments             | -                           | 29,986,531                | 29,986,531          |
| Payments of motor vehicle permit fees              | -                           | 1,099,010                 | 1,099,010           |
| Total deductions                                   | <u>37,363</u>               | <u>31,277,252</u>         | <u>31,314,615</u>   |
| Net change in fiduciary net position               | 99,000                      | 90,382                    | 189,382             |
| Net position, beginning, as restated (see Note 17) | 721,202                     | 923,243                   | 1,644,445           |
| Net position, ending                               | <u>\$ 820,202</u>           | <u>\$ 1,013,625</u>       | <u>\$ 1,833,827</u> |

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

**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

|                                                              | <u>NOTE</u> |
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**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

|                                    |           |
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**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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

The financial statements of the Town of Goffstown, New Hampshire (the Town), 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.

The more significant of the Town’s accounting policies are described below.

***1-A Reporting Entity***

The Town of Goffstown is a municipal corporation governed by an elected five-member Board of Selectmen. In evaluating how to define the Town 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 Town has no component units to include in its reporting entity.

***1-B Basis of Accounting and Measurement Focus***

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

***Government-wide Financial Statements*** – The Town’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

***Governmental Fund Financial Statements*** – Include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for the major governmental fund and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

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 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. Property taxes, licenses, and permits, intergovernmental revenue, and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current 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.

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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 fund:

**General Fund** – is the Town’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 property taxes, State and Federal grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the general fund.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Permanent Fund** – is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports ten nonmajor governmental funds.

**Proprietary Fund Financial Statements** – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for the major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary fund:

**Sewer Fund** – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the related expendable trust funds are consolidated in the sewer fund.

**Fiduciary Fund Financial Statements** – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, and these funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The Town reports the following fiduciary funds:

**Private Purpose Trust Fund** – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

**Custodial Fund** – are custodial in nature and are not required to be reported elsewhere on the financial statements. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

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***1-C Cash and Cash Equivalents***

The Town 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."

The treasurer is required to deposit such moneys in solvent banks in State or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of 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 to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***1-D Statement of Cash Flows***

For purposes of the Statement of Cash Flows, the Town's sewer fund considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

***1-E Investments***

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, 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. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

**Fair Value Measurements of Investments** – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

**Level 1** – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.

**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency.

**Level 3** – Inputs are significant unobservable inputs, using assumptions in determining the fair value of investments and derivative instruments.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

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In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

**Investments in Certain External Investment Pools** – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP’s Information Statement

***1-F Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

***1-G Capital Assets***

Capital assets are reported in the applicable governmental or business-type 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 Town has established a threshold of \$5,000 or more and an estimate useful life in excess of five years for capitalization of depreciable assets.

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

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

|                                      | <u>Years</u> |
|--------------------------------------|--------------|
| <b>Capital Asset Classes:</b>        |              |
| Buildings                            | 40           |
| Building improvements                | 40           |
| Machinery, vehicles, and furnishings | 5            |
| Infrastructure                       | 30 - 75      |

***1-H 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). Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.” 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 proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

***1-I Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 9, 2022, and October 25, 2022, and due on July 1, 2022, and December 8, 2022. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

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In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Goffstown School District, and Hillsborough County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2022, utilized in the setting of the tax rate was as follows:

|                                     |                  |
|-------------------------------------|------------------|
| For the New Hampshire education tax | \$ 1,681,394,300 |
| For all other taxes                 | \$ 1,759,819,500 |

The tax rates and amounts assessed for the year ended December 31, 2022 were as follows:

|                        | Per \$1,000<br>of Assessed<br>Valuation | Property<br>Taxes<br>Assessed |
|------------------------|-----------------------------------------|-------------------------------|
| Municipal portion      | \$9.21                                  | \$ 16,200,604                 |
| School portion:        |                                         |                               |
| State of New Hampshire | \$1.45                                  | 2,443,973                     |
| Local                  | \$14.43                                 | 25,393,716                    |
| County portion         | \$1.22                                  | 2,148,842                     |
| Total                  | <u>\$26.31</u>                          | <u>\$ 46,187,135</u>          |

***1-J Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2022.

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

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. The Town has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

*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) and so 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. The Town has four types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, unavailable revenues from property taxes and grants arises when the related eligible expenditures will not be made until the subsequent period.

***1-L Compensated Absences***

General leave for the Town includes vacation, sick, and compensatory 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 the Town's personnel policy.

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

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***1-M Long-term Obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Director Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transactions:

**Direct Borrowings** – financial transactions for a note or a loan where the Town negotiates certain terms with a single lender and are not offered for public sale.

**Direct Placements** – financial transactions for the sale of bonds where the Town engages with a single buyer or limited number of buyers without a public offering.

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

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

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

The Town 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 Town's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

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

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

**Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of the bond and note that are attributable to the acquisition, construction, or improvement of those assets.

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

**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 are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory, or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

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

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

**Assigned** – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process.

**Unassigned** – Amounts that are available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance.

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.

Per the Town's fund balance policy, the adequacy of unassigned fund balance in the general fund should take into account each government's own unique circumstances. GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating expenditures, plus any amounts defined in the municipality's stabilization fund policy, if applicable. The Goffstown Select Board deems it appropriate to exclude from consideration assigned and committed fund balance and focus on unassigned fund balance, rather than on unrestricted fund balance.

The Town shall achieve and maintain a minimum unassigned fund balance at 12% of the calculated general fund operating expenditures as defined above.

The Town shall work toward maintaining an unassigned fund balance of at least 16% of the general fund operating expenditures as defined above.

There are three ways to access unassigned fund balance.

1. At tax rate setting time the Select Board can use fund balance to stabilize the town side of the tax rate.
2. The Select Board may propose appropriations of any amount of unassigned fund balance in excess of the designated percentage, as allowed by NH law. These appropriations must go before the voters at Town Meeting.
3. The Select Board may appropriate unassigned fund balances for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the designated percentage. Emergency use of fund balance must follow the current legal procedure at the time of the transaction. An emergency purpose does not include the offsetting of property taxes or mismanagement of funds.

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

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of receivables, the useful lives and impairment of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, 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 that were used.

***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 Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the general and proprietary sewer funds, as well as the nonmajor EMS fund. Except as reconciled below, the budget was adopted on a basis consistent with US 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. For the fiscal year 2022, \$750,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$865,000 was voted from unassigned fund balance to fund current year appropriations.

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

While the Town 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 the major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

|                                                                                                                                                  |                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Revenues and other financing sources:                                                                                                            |                      |
| Per Exhibit D (budgetary basis)                                                                                                                  | \$ 23,834,255        |
| Adjustments:                                                                                                                                     |                      |
| Basis differences:                                                                                                                               |                      |
| GASB Statement No. 54:                                                                                                                           |                      |
| To record miscellaneous income of the blended funds                                                                                              | 25,848               |
| To eliminate transfers between the general fund and blended funds                                                                                | (705,313)            |
| Change in deferred tax revenue relating to 60-day revenue recognition<br>recognized as revenue on the GAAP basis, but not on the budgetary basis | (472,044)            |
| Per Exhibit C-3 (GAAP basis)                                                                                                                     | <u>\$ 22,682,746</u> |
|                                                                                                                                                  | <i>(continued)</i>   |

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*Budgetary Reconciliation to GAAP Basis (continued)*

|                                                                   |                      |
|-------------------------------------------------------------------|----------------------|
| Expenditures and other financing uses:                            |                      |
| Per Exhibit D (budgetary basis)                                   | \$ 24,348,346        |
| Adjustments:                                                      |                      |
| Basis differences:                                                |                      |
| Encumbrances, beginning                                           | 1,171,126            |
| Encumbrances, ending                                              | (2,322,665)          |
| GASB Statement No. 54:                                            |                      |
| To eliminate transfers between the general fund and blended funds | (250,000)            |
| Per Exhibit C-3 (GAAP basis)                                      | <u>\$ 22,946,807</u> |

**2-C Accounting Change**

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 87 and have determined that none of the agreements have met the requirements of the pronouncement.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$9,860,288 and the bank balances totaled \$11,295,417. Petty cash totaled \$1,900.

Cash and cash equivalents reconciliation:

|                                                                    |                     |
|--------------------------------------------------------------------|---------------------|
| Cash per Statement of Net Position (Exhibit A)                     | \$ 9,375,089        |
| Cash per Statement of Net Position - Fiduciary Funds (Exhibit F-1) | 485,199             |
| Total cash and cash equivalents                                    | <u>\$ 9,860,288</u> |

**NOTE 4 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

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The Town has the following recurring fair value measurements and maturities as of December 31, 2022:

|                                        | Fair Value Hierarchy |                   | Total                |
|----------------------------------------|----------------------|-------------------|----------------------|
|                                        | Level 1              | Level 2           |                      |
| Investments type:                      |                      |                   |                      |
| Common stock                           | \$ 799,851           | \$ -              | \$ 799,851           |
| Equity mutual funds                    | 336,614              | -                 | 336,614              |
| Corporate bonds                        | -                    | 263,458           | 263,458              |
| Foreign bonds                          | -                    | 44,670            | 44,670               |
| U.S. Government agency bonds           | -                    | 95,653            | 95,653               |
| U.S. Treasury bonds                    | -                    | 367,462           | 367,462              |
| Total fair value of investments        | <u>\$ 1,136,465</u>  | <u>\$ 771,243</u> | <u>1,907,708</u>     |
| Investments carried at amortized cost: |                      |                   |                      |
| NH Public Deposit Investment Pool      |                      |                   | 23,243,296           |
| Total investments                      |                      |                   | <u>\$ 25,151,004</u> |

**Interest Rate Risk** – This 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. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

| Investments Type                             | Reported<br>Balance  | Exempt from<br>Disclosure | Remaining Maturity (in Years) |                   |                   |
|----------------------------------------------|----------------------|---------------------------|-------------------------------|-------------------|-------------------|
|                                              |                      |                           | Less than 1<br>Year           | 1-5 Years         | 6-10 Years        |
| Common stock                                 | \$ 799,851           | \$ 799,851                | \$ -                          | \$ -              | \$ -              |
| Equity mutual funds                          | 336,614              | 336,614                   | -                             | -                 | -                 |
| Corporate bonds                              | 263,458              | -                         | 49,113                        | 119,412           | 94,933            |
| Foreign bonds                                | 44,670               | -                         | -                             | 44,670            | -                 |
| U.S. Government agency bonds                 | 95,653               | -                         | -                             | 46,437            | 49,216            |
| U.S. Treasury bonds                          | 367,462              | -                         | 121,677                       | 114,526           | 131,439           |
| Total                                        | <u>1,907,708</u>     | <u>1,136,465</u>          | <u>\$ 170,790</u>             | <u>\$ 325,045</u> | <u>\$ 275,588</u> |
| Investments carried at amortized cost:       |                      |                           |                               |                   |                   |
| New Hampshire Public Deposit Investment Pool | 23,243,296           | 23,243,296                |                               |                   |                   |
| Total investments                            | <u>\$ 25,151,004</u> | <u>\$ 24,379,761</u>      |                               |                   |                   |

The Town's investment pool had the following credit risk structure:

| Investments Type             | Reported<br>Balance | Exempt From<br>Disclosure | Rating as of Year End |                   |                   |                  |
|------------------------------|---------------------|---------------------------|-----------------------|-------------------|-------------------|------------------|
|                              |                     |                           | AAA                   | AA                | A                 | Baa              |
| Common stock                 | \$ 799,851          | \$ 799,851                | \$ -                  | \$ -              | \$ -              | \$ -             |
| Equity mutual funds          | 336,614             | 336,614                   | -                     | -                 | -                 | -                |
| Corporate bonds              | 263,458             | -                         | -                     | 103,504           | 159,954           | -                |
| Foreign bonds                | 44,670              | -                         | -                     | -                 | -                 | 44,670           |
| U.S. Government agency bonds | 95,653              | -                         | -                     | 95,653            | -                 | -                |
| U.S. Treasury bonds          | 367,462             | -                         | 367,462               | -                 | -                 | -                |
| Total                        | <u>\$ 1,907,708</u> | <u>\$ 1,136,465</u>       | <u>\$ 367,462</u>     | <u>\$ 199,157</u> | <u>\$ 159,954</u> | <u>\$ 44,670</u> |

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Investment reconciliation:

|                                                                           |               |
|---------------------------------------------------------------------------|---------------|
| Investments per Statement of Net Position (Exhibit A)                     | \$ 23,902,210 |
| Investments per Statement of Net Position - Fiduciary Funds (Exhibit F-1) | 1,248,794     |
| Total investments                                                         | \$ 25,151,004 |

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2022. Taxes receivable by year are as follows:

|                              | Governmental<br>Activities |
|------------------------------|----------------------------|
| Property:                    |                            |
| Levy of 2022                 | \$ 1,053,861               |
| Unredeemed (under tax lien): |                            |
| Levy of 2021                 | 148,893                    |
| Levy of 2020                 | 106,488                    |
| Levies of 2019 and prior     | 3,263                      |
| Current use                  | 75,000                     |
| Betterment                   | 13,484                     |
| Taxes receivable             | \$ 1,400,989               |

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2022, consisted of accounts (billings for police details, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town'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.

Receivables as of December 31, 2022 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

|                              | Governmental<br>Activities | Business-type<br>Activities | Governmental Funds |              |              | Proprietary<br>Fund<br>Sewer | Fiduciary<br>Fund<br>Custodial |
|------------------------------|----------------------------|-----------------------------|--------------------|--------------|--------------|------------------------------|--------------------------------|
|                              |                            |                             | General            | Nonmajor     | Total        |                              |                                |
| Receivables:                 |                            |                             |                    |              |              |                              |                                |
| Accounts                     | \$ 1,816,980               | \$ -                        | \$ 58,718          | \$ 1,758,262 | \$ 1,816,980 | \$ -                         | \$ -                           |
| Intergovernmental            | 611,012                    | -                           | 561,012            | 50,000       | 611,012      | -                            | 12,337,689                     |
| Taxes (sewer)                | -                          | 172,336                     | -                  | -            | -            | 172,336                      | -                              |
| Gross receivables            | 2,427,992                  | 172,336                     | 619,730            | 1,808,262    | 2,427,992    | 172,336                      | 12,337,689                     |
| Less:                        |                            |                             |                    |              |              |                              |                                |
| Allowance for uncollectibles | (1,061,182)                | (9,983)                     | -                  | (1,061,182)  | (1,061,182)  | (9,983)                      | -                              |
| Net total receivables        | \$ 1,366,810               | \$ 162,353                  | \$ 619,730         | \$ 747,080   | \$ 1,366,810 | \$ 162,353                   | \$ 12,337,689                  |

<sup>1</sup> Fiduciary Funds – intergovernmental receivables represent property taxes collected on behalf of the Goffstown School District. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 9.

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**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 is as follows:

|                                                             | Balance,<br>beginning<br>(as restated) | Additions           | Deletions        | Balance,<br>ending   |
|-------------------------------------------------------------|----------------------------------------|---------------------|------------------|----------------------|
| <b>Governmental activities:</b>                             |                                        |                     |                  |                      |
| At cost:                                                    |                                        |                     |                  |                      |
| Not being depreciated:                                      |                                        |                     |                  |                      |
| Land                                                        | \$ 6,191,171                           | \$ -                | \$ -             | \$ 6,191,171         |
| Construction in progress                                    | 135,489                                | 2,431,246           | -                | 2,566,735            |
| Total capital assets not being depreciated                  | <u>6,326,660</u>                       | <u>2,431,246</u>    | <u>-</u>         | <u>8,757,906</u>     |
| Being depreciated:                                          |                                        |                     |                  |                      |
| Buildings and building improvements                         | 8,047,357                              | 139,410             | -                | 8,186,767            |
| Machinery, vehicles, and furnishings                        | 13,975,345                             | 1,115,099           | (259,031)        | 14,831,413           |
| Infrastructure                                              | 35,531,215                             | -                   | -                | 35,531,215           |
| Total capital assets being depreciated                      | <u>57,553,917</u>                      | <u>1,254,509</u>    | <u>(259,031)</u> | <u>58,549,395</u>    |
| Total all capital assets                                    | <u>63,880,577</u>                      | <u>3,685,755</u>    | <u>(259,031)</u> | <u>67,307,301</u>    |
| Less accumulated depreciation:                              |                                        |                     |                  |                      |
| Buildings and building improvements                         | (3,668,250)                            | (177,207)           | -                | (3,845,457)          |
| Machinery, vehicles, and furnishings                        | (8,968,461)                            | (1,108,778)         | 319,093          | (9,758,146)          |
| Infrastructure                                              | (16,093,614)                           | (887,437)           | -                | (16,981,051)         |
| Total accumulated depreciation                              | <u>(28,730,325)</u>                    | <u>(2,173,422)</u>  | <u>319,093</u>   | <u>(30,584,654)</u>  |
| Net book value, capital assets being depreciated            | <u>28,823,592</u>                      | <u>(918,913)</u>    | <u>60,062</u>    | <u>27,964,741</u>    |
| Net book value, all governmental activities capital assets  | <u>\$ 35,150,252</u>                   | <u>\$ 1,512,333</u> | <u>\$ 60,062</u> | <u>\$ 36,722,647</u> |
| <b>Business-type activities:</b>                            |                                        |                     |                  |                      |
| At cost:                                                    |                                        |                     |                  |                      |
| Not being depreciated:                                      |                                        |                     |                  |                      |
| Construction in progress                                    | \$ -                                   | \$ 313,181          | \$ -             | \$ 313,181           |
| Being depreciated:                                          |                                        |                     |                  |                      |
| Machinery, vehicles, and furnishings                        | -                                      | 50,513              | -                | 50,513               |
| Infrastructure                                              | 16,375,571                             | -                   | -                | 16,375,571           |
| Total capital assets being depreciated                      | <u>16,375,571</u>                      | <u>50,513</u>       | <u>-</u>         | <u>16,426,084</u>    |
| Total all capital assets                                    | <u>16,375,571</u>                      | <u>363,694</u>      | <u>-</u>         | <u>16,739,265</u>    |
| Less accumulated depreciation:                              |                                        |                     |                  |                      |
| Machinery, vehicles, and furnishings                        | -                                      | (10,103)            | -                | (10,103)             |
| Infrastructure                                              | (13,648,792)                           | (124,872)           | -                | (13,773,664)         |
| Total accumulated depreciation                              | <u>(13,648,792)</u>                    | <u>(134,975)</u>    | <u>-</u>         | <u>(13,783,767)</u>  |
| Net book value, capital assets being depreciated            | <u>2,726,779</u>                       | <u>(84,462)</u>     | <u>-</u>         | <u>2,642,317</u>     |
| Net book value, all business-type activities capital assets | <u>\$ 2,726,779</u>                    | <u>\$ 228,719</u>   | <u>\$ -</u>      | <u>\$ 2,955,498</u>  |

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

|                                  |                     |
|----------------------------------|---------------------|
| <b>Governmental activities:</b>  |                     |
| General government               | \$ 69,510           |
| Public safety                    | 672,929             |
| Highways and streets             | 1,361,343           |
| Culture and recreation           | 69,640              |
| Total depreciation expense       | <u>\$ 2,173,422</u> |
| <b>Business-type activities:</b> |                     |
| Sanitation                       | <u>\$ 134,975</u>   |

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**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of December 31, 2022 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>     |
|------------------------|---------------------|-------------------|
| General                | Sewer (Proprietary) | \$ 52,604         |
| General                | Nonmajor            | 152,703           |
| Nonmajor               | General             | 10,800            |
|                        |                     | <u>\$ 216,107</u> |

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2022 is as follows:

|                | <u>Transfer In:</u>     |                             |                  |
|----------------|-------------------------|-----------------------------|------------------|
|                | <u>General<br/>Fund</u> | <u>Proprietary<br/>Fund</u> | <u>Total</u>     |
|                |                         | <u>Sewer</u>                |                  |
| Transfer out:  |                         |                             |                  |
| General fund   | \$ -                    | \$ 11,748                   | \$ 11,748        |
| Nonmajor funds | 10,800                  | -                           | 10,800           |
| Total          | <u>\$ 10,800</u>        | <u>\$ 11,748</u>            | <u>\$ 22,548</u> |

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2022 consist of the following:

|                                      | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Governmental Funds</u>  |                 |                      | <u>Proprietary<br/>Fund</u> | <u>Fiduciary<br/>Fund</u> |
|--------------------------------------|------------------------------------|-------------------------------------|----------------------------|-----------------|----------------------|-----------------------------|---------------------------|
|                                      |                                    |                                     | <u>General</u>             | <u>Nonmajor</u> | <u>Total</u>         | <u>Sewer</u>                | <u>Custodial</u>          |
| Property taxes due to:               |                                    |                                     |                            |                 |                      |                             |                           |
| Custodial funds                      | \$12,337,689                       | \$ -                                | \$ 12,337,689 <sup>2</sup> | \$ -            | \$ 12,337,689        | \$ -                        | \$ -                      |
| Goffstown School District            | -                                  | -                                   | -                          | -               | -                    | -                           | 12,337,689 <sup>3</sup>   |
| Balance due to: Manchester           |                                    |                                     |                            |                 |                      |                             |                           |
| Manchester Water Works               | 26,084                             | 83,439                              | 26,084                     | -               | 26,084               | 83,439                      | -                         |
| City of Manchester                   | -                                  | 37,121                              | -                          | -               | -                    | 37,121                      | -                         |
| Other miscellaneous                  | 28,514                             | -                                   | 25,686                     | 2,828           | 28,514               | -                           | -                         |
| Total intergovernmental payables due | <u>\$12,392,287</u>                | <u>\$ 120,560</u>                   | <u>\$ 12,389,459</u>       | <u>\$ 2,828</u> | <u>\$ 12,392,287</u> | <u>\$ 120,560</u>           | <u>\$ 12,337,689</u>      |

<sup>2</sup> Property taxes due to the custodial fund represent amounts collected by the Town on behalf of the Goffstown School District and are reported as a component of general fund cash at year-end.

<sup>3</sup> Property taxes due to the Goffstown School District represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

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**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources are as follows:

|                                          | Governmental<br>Activities | Business-type<br>Activities | Proprietary Fund<br>Sewer |
|------------------------------------------|----------------------------|-----------------------------|---------------------------|
| Amounts related to pensions, see Note 12 | \$ 4,625,713               | \$ 46,724                   | \$ 46,724                 |
| Amounts related to OPEB, see Note 13     | 441,592                    | 4,461                       | 4,461                     |
| Total deferred outflows of resources     | <u>\$ 5,067,305</u>        | <u>\$ 51,185</u>            | <u>\$ 51,185</u>          |

Deferred inflows of resources are as follows:

|                                                                            | Governmental<br>Activities | Business-type<br>Activities | Governmental Funds  |                     |                     | Proprietary<br>Fund<br>Sewer |
|----------------------------------------------------------------------------|----------------------------|-----------------------------|---------------------|---------------------|---------------------|------------------------------|
|                                                                            |                            |                             | General             | Nonmajor            | Total               |                              |
| Deferred property taxes not collected<br>within 60 days of fiscal year-end | \$ -                       | \$ -                        | \$ 472,044          | \$ -                | \$ 472,044          | \$ -                         |
| Property taxes collected in advance                                        | 1,479,117                  | -                           | 1,479,117           | -                   | 1,479,117           | -                            |
| Grants                                                                     | 1,037,841                  | -                           | -                   | 1,037,841           | 1,037,841           | -                            |
| Other miscellaneous                                                        | 126,980                    | 342                         | 126,980             | -                   | 126,980             | 342                          |
| Amounts related to pensions, see Note 12                                   | 371,211                    | 3,750                       | -                   | -                   | -                   | 3,750                        |
| Amounts related to OPEB, see Note 13                                       | 1,835,831                  | 18,544                      | -                   | -                   | -                   | 18,544                       |
| Total deferred inflows of resources                                        | <u>\$ 4,850,980</u>        | <u>\$ 22,636</u>            | <u>\$ 2,078,141</u> | <u>\$ 1,037,841</u> | <u>\$ 3,115,982</u> | <u>\$ 22,636</u>             |

**NOTE 11 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2022:

|                                         | Balance                          |                     |                     | Balance<br>December 31,<br>2022 | Due Within<br>One Year | Due In More<br>Than One Year |
|-----------------------------------------|----------------------------------|---------------------|---------------------|---------------------------------|------------------------|------------------------------|
|                                         | January 1, 2022<br>(as restated) | Additions           | Reductions          |                                 |                        |                              |
| <b>Governmental activities:</b>         |                                  |                     |                     |                                 |                        |                              |
| Direct placement - bond payable         | \$ 1,575,000                     | \$ -                | \$ (105,000)        | \$ 1,470,000                    | \$ 105,000             | \$ 1,365,000                 |
| Premium                                 | 137,700                          | -                   | (9,180)             | 128,520                         | 9,180                  | 119,340                      |
| Total bond payable                      | 1,712,700                        | -                   | (114,180)           | 1,598,520                       | 114,180                | 1,484,340                    |
| Direct borrowing - note payable         | 417,203                          | -                   | (41,295)            | 375,908                         | 42,478                 | 333,430                      |
| Compensated absences                    | 269,248                          | 38,310              | -                   | 307,558                         | -                      | 307,558                      |
| Accrued landfill postclosure care costs | 273,450                          | -                   | (55,050)            | 218,400                         | 7,280                  | 211,120                      |
| Net pension liability                   | 14,006,414                       | 5,301,823           | -                   | 19,308,237                      | -                      | 19,308,237                   |
| Net other postemployment benefits       | 3,054,333                        | -                   | (8,334)             | 3,045,999                       | -                      | 3,045,999                    |
| Total long-term liabilities             | <u>\$ 19,733,348</u>             | <u>\$ 5,340,133</u> | <u>\$ (218,859)</u> | <u>\$ 24,854,622</u>            | <u>\$ 163,938</u>      | <u>\$ 24,690,684</u>         |
| <b>Business-type activities:</b>        |                                  |                     |                     |                                 |                        |                              |
| Compensated absences                    | \$ 2,378                         | \$ 4,247            | \$ -                | \$ 6,625                        | \$ -                   | \$ 6,625                     |
| Net pension liability                   | 141,479                          | 53,554              | -                   | 195,033                         | -                      | 195,033                      |
| Net other postemployment benefits       | 30,224                           | 544                 | -                   | 30,768                          | -                      | 30,768                       |
| Total long-term liabilities             | <u>\$ 174,081</u>                | <u>\$ 58,345</u>    | <u>\$ -</u>         | <u>\$ 232,426</u>               | <u>\$ -</u>            | <u>\$ 232,426</u>            |

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The long-term bond and note are comprised of the following:

|                                  | Original<br>Amount | Issue<br>Date | Maturity<br>Date | Interest<br>Rate % | Outstanding at<br>December 31, 2022 | Current<br>Portion |
|----------------------------------|--------------------|---------------|------------------|--------------------|-------------------------------------|--------------------|
| <b>Governmental activities:</b>  |                    |               |                  |                    |                                     |                    |
| Direct placement - bond payable: |                    |               |                  |                    |                                     |                    |
| Fire station                     | \$ 2,300,000       | 2016          | 2036             | 2.50%              | \$ 1,470,000                        | \$ 105,000         |
| Bond premium                     |                    |               |                  |                    | 128,520                             | 9,180              |
| Total                            |                    |               |                  |                    | <u>1,598,520</u>                    | <u>114,180</u>     |
| Direct borrowing - note payable: |                    |               |                  |                    |                                     |                    |
| Lynchville/Danis Park            | \$ 900,000         | 2010          | 2030             | 2.86%              | 375,908                             | 42,478             |
| Total                            |                    |               |                  |                    | <u>\$ 1,974,428</u>                 | <u>\$ 156,658</u>  |

The annual requirements to amortize the general obligation bond and note outstanding as of December 31, 2022, including interest payments, are as follows:

| Fiscal Year Ending<br>December 31, | Bond - Direct Placement |                   |                     | Note - Direct Borrowing |                  |                   |
|------------------------------------|-------------------------|-------------------|---------------------|-------------------------|------------------|-------------------|
|                                    | Principal               | Interest          | Total               | Principal               | Interest         | Total             |
|                                    | 2023                    | \$ 105,000        | \$ 49,775           | \$ 154,775              | \$ 42,478        | \$ 10,766         |
| 2024                               | 105,000                 | 45,554            | 150,554             | 43,694                  | 9,549            | 53,243            |
| 2025                               | 105,000                 | 41,333            | 146,333             | 44,946                  | 8,298            | 53,244            |
| 2026                               | 105,000                 | 36,062            | 141,062             | 46,233                  | 7,011            | 53,244            |
| 2027                               | 105,000                 | 30,791            | 135,791             | 47,557                  | 5,687            | 53,244            |
| 2028-2032                          | 525,000                 | 115,448           | 640,448             | 151,000                 | 8,731            | 159,731           |
| 2033-2037                          | 420,000                 | 31,710            | 451,710             | -                       | -                | -                 |
| Totals                             | <u>\$ 1,470,000</u>     | <u>\$ 350,673</u> | <u>\$ 1,820,673</u> | <u>\$ 375,908</u>       | <u>\$ 50,042</u> | <u>\$ 425,950</u> |

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

**Accrued Landfill Postclosure Care Costs** – The Town ceased operating its landfill in 2001. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$218,400 as of December 31, 2022. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2022. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

**NOTE 12 – 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.

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**Benefits Provided** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service.

For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

| <b>Years of Creditable Service as of 1/1/12</b> | <b>Minimum Age</b> | <b>Minimum Service</b> | <b>Benefit Multiplier</b> |
|-------------------------------------------------|--------------------|------------------------|---------------------------|
| At least 8 but less than 10 years               | 46                 | 21                     | 2.4%                      |
| At least 6 but less than 8 years                | 47                 | 22                     | 2.3%                      |
| At least 4 but less than 6 years                | 48                 | 23                     | 2.2%                      |
| Less than 4 years                               | 49                 | 24                     | 2.1%                      |

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 Town. 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. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$2,014,944, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2022 the Town reported a liability of \$19,503,270 (\$19,308,237 in the governmental activities and \$195,033 in the business-type activities and proprietary fund) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’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, 2022, the Town’s proportion was 0.34% which was an increase of 0.02% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$2,105,319. At December 31, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                             | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Changes in proportion                                                                       | \$ 1,454,438                         | \$ 300,091                          |
| Changes in assumptions                                                                      | 1,037,418                            | -                                   |
| Net difference between projected and actual investment earnings on pension plan investments | 739,149                              | -                                   |
| Differences between expected and actual experience                                          | 366,042                              | 74,870                              |
| Contributions subsequent to the measurement date                                            | 1,075,390                            | -                                   |
| Total                                                                                       | <u>\$ 4,672,437</u>                  | <u>\$ 374,961</u>                   |

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The \$1,075,390 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. 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<br>June 30, |                     |
|--------------------------------|---------------------|
| 2023                           | \$ 1,025,678        |
| 2024                           | 941,260             |
| 2025                           | 50,837              |
| 2026                           | 1,204,311           |
| 2027                           | -                   |
| Thereafter                     | -                   |
| Totals                         | <u>\$ 3,222,086</u> |

**Actuarial Assumptions** – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly, apply to 2022 measurements:

|                            |                                                                   |
|----------------------------|-------------------------------------------------------------------|
| Inflation:                 | 2.0%                                                              |
| Salary increases:          | 5.4% average, including inflation                                 |
| Wage inflation:            | 2.75% (2.25% for teachers)                                        |
| Investment rate of return: | 6.75% net of pension plan investment expense, including inflation |

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

**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. Following is a table presenting target allocations and long-term rates of return for 2022:

| Asset Class                 | Target<br>Allocation | 30 Year Geometric Return |
|-----------------------------|----------------------|--------------------------|
| Broad US Equity (1)         | 30.00%               | 7.60%                    |
| Global Ex-US Equity (2)     | 20.00%               | 7.90%                    |
| Total public equity         | 50.00%               |                          |
| Real Estate Equity          | 10.00%               | 6.60%                    |
| Private Equity              | 10.00%               | 8.85%                    |
| Total private market equity | 20.00%               |                          |
| Private Debt                | 5.00%                | 7.25%                    |
| Core U.S. Fixed Income (3)  | 25.00%               | 3.60%                    |
| Inflation                   | 0.00%                | 2.25%                    |
| Total                       | 100.00%              | 7.30%                    |

**Discount Rate** – The discount rate used to measure the collective total pension liability was 6.75%. 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

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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 Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

| Actuarial<br>Valuation<br>Date | 1% Decrease<br>5.75% | Current Single<br>Rate Assumption<br>6.75% | 1% Increase<br>7.75% |
|--------------------------------|----------------------|--------------------------------------------|----------------------|
| June 30, 2022                  | \$ 26,168,472        | \$ 19,503,270                              | \$ 13,961,772        |

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

**13-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 2022 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

**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 2022 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 2022, 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 2022, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$155,761, which was paid in full.

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**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB** – At December 31, 2022, the Town reported a liability of \$1,359,467 (\$1,345,872 in the governmental activities and \$13,595 in the business-type activities and proprietary fund) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Town’s proportion of the net OPEB liability was based on a projection of the Town’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, 2022, the Town’s proportion was 0.36% which was an increase of 0.05% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$238,101. At December 31, 2022, the Town reported deferred outflows of resources related to OPEB from the following sources:

|                                                                                          |                                               |
|------------------------------------------------------------------------------------------|-----------------------------------------------|
|                                                                                          | <u>Deferred<br/>Outflows of<br/>Resources</u> |
| Net difference between projected and actual investment earnings on OPEB plan investments | \$ 3,715                                      |
| Contributions subsequent to the measurement date                                         | 83,847                                        |
| Total                                                                                    | <u>\$ 87,562</u>                              |

The \$83,847 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                    |                 |
|--------------------|-----------------|
| Fiscal Year Ending |                 |
| <u>June 30,</u>    |                 |
| 2023               | \$ 618          |
| 2024               | 160             |
| 2025               | (1,462)         |
| 2026               | 4,399           |
| 2027               | -               |
| Thereafter         | -               |
| Totals             | <u>\$ 3,715</u> |

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021, and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

|                            |                                                                |
|----------------------------|----------------------------------------------------------------|
| Price inflation:           | 2.0% per year                                                  |
| Wage inflation:            | 2.75% (2.25% for teachers)                                     |
| Salary increases:          | 5.4% average, including inflation                              |
| Investment rate of return: | 6.75% 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 Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

**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.

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Following is a table presenting target allocations and long-term rates of return for 2022:

| Asset Class                 | Target<br>Allocation | 30 Year Geometric Return |
|-----------------------------|----------------------|--------------------------|
| Broad US Equity (1)         | 30.00%               | 7.60%                    |
| Global Ex-US Equity (2)     | 20.00%               | 7.90%                    |
| Total public equity         | 50.00%               |                          |
| Real Estate Equity          | 10.00%               | 6.60%                    |
| Private Equity              | 10.00%               | 8.85%                    |
| Total private market equity | 20.00%               |                          |
| Private Debt                | 5.00%                | 7.25%                    |
| Core U.S. Fixed Income (3)  | 25.00%               |                          |
| Inflation                   | 0.00%                | 2.25%                    |
| Total                       | 100.00%              | 7.30%                    |

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2022, was 6.75%. 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 Town’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Town’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

| Actuarial<br>Valuation<br>Date | 1% Decrease<br>5.75% | Current Single<br>Rate Assumption<br>6.75% | 1% Increase<br>7.75% |
|--------------------------------|----------------------|--------------------------------------------|----------------------|
| June 30, 2022                  | \$ 1,475,933         | \$ 1,359,467                               | \$ 1,258,034         |

**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.

**13-B Town of Goffstown 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 Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees.

**Employees Covered by Benefit Terms** – At January 1, 2022, the following employees were covered by the benefit terms:

|                                                                          |     |
|--------------------------------------------------------------------------|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 40  |
| Active employees                                                         | 131 |
| Total participants covered by OPEB plan                                  | 171 |

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**Total OPEB Liability** – The Town’s total OPEB liability of \$1,717,299 (\$1,700,126 in the governmental activities and \$17,173 in the business-type activities and proprietary fund) was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$1,717,299 in the January 1, 2022, 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:                 | 3.72% |
| Healthcare Cost Trend Rates:   |       |
| Current Year Trend             | 6.50% |
| Second Year Trend              | 6.00% |
| Decrement                      | 0.50% |
| Ultimate Trend                 | 5.00% |
| Year Ultimate Trend is Reached | 2026  |
| Salary Increases:              | 2.50% |

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 December 31, 2022.

Mortality rates were based on the RPH-2014 Total Dataset Headcount-Weighted Fully Generational Mortality Table using Projection Scale MP-2021.

**Changes in the Total OPEB Liability**

|                                                   | December 31,        |                     |
|---------------------------------------------------|---------------------|---------------------|
|                                                   | 2021                | 2022                |
| OPEB liability, beginning of year                 | \$ 1,791,521        | \$ 1,830,406        |
| Changes for the year:                             |                     |                     |
| Service cost                                      | 77,476              | 99,455              |
| Interest                                          | 38,664              | 40,368              |
| Assumption changes                                | 13,730              | (223,926)           |
| Difference between actual and expected experience | -                   | 84,951              |
| Benefit payments                                  | (90,985)            | (113,955)           |
| OPEB liability, end of year                       | <u>\$ 1,830,406</u> | <u>\$ 1,717,299</u> |

**Sensitivity of the Town’s OPEB Liability to Changes in the Discount Rate** – The January 1, 2022, actuarial valuation was prepared using a discount rate of 3.72%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$1,586,243 or by 7.63%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,862,618 or by 8.46%.

|                      | Discount Rate       |                     |                     |
|----------------------|---------------------|---------------------|---------------------|
|                      | 1% Decrease         | Baseline 3.72%      | 1% Increase         |
| Total OPEB Liability | <u>\$ 1,862,618</u> | <u>\$ 1,717,299</u> | <u>\$ 1,586,243</u> |

**Sensitivity of the Town’s OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The January 1, 2022, actuarial valuation was prepared using an initial trend rate of 6.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,923,381 or by 12.00%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$1,543,217 or by 10.14%.

|                      | Healthcare Cost Trend Rates |                     |                     |
|----------------------|-----------------------------|---------------------|---------------------|
|                      | 1% Decrease                 | Baseline 6.50%      | 1% Increase         |
| Total OPEB Liability | <u>\$ 1,543,217</u>         | <u>\$ 1,717,299</u> | <u>\$ 1,923,381</u> |

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**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended December 31, 2022, the Town recognized OPEB expense of \$86,807. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                    | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------|--------------------------------------|-------------------------------------|
| Changes in assumptions                             | \$ 268,243                           | \$ 1,216,377                        |
| Differences between expected and actual experience | 90,248                               | 637,998                             |
| Total                                              | \$ 358,491                           | \$ 1,854,375                        |

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<br>June 30, |    |             |
|--|--------------------------------|----|-------------|
|  | 2023                           | \$ | (226,630)   |
|  | 2024                           |    | (226,630)   |
|  | 2025                           |    | (226,630)   |
|  | 2026                           |    | (226,630)   |
|  | 2027                           |    | (218,232)   |
|  | Thereafter                     |    | (371,132)   |
|  | Totals                         | \$ | (1,495,884) |

**NOTE 14 - ENCUMBRANCES**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2022 are as follows:

|                      |    |  |           |
|----------------------|----|--|-----------|
| General fund:        |    |  |           |
| General government   | \$ |  | 30,850    |
| Public safety        |    |  | 17,351    |
| Highways and streets |    |  | 381,190   |
| Sanitation           |    |  | 9,300     |
| Capital outlay       |    |  | 1,883,974 |
| Total encumbrances   | \$ |  | 2,322,665 |

**NOTE 15 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

Governmental and business-type activities and fiduciary fund net position reported on the Statements of Net Position at December 31, 2022 include the following:

|                                        | Government-wide Financial Statements |                             |               | Fiduciary<br>Funds |
|----------------------------------------|--------------------------------------|-----------------------------|---------------|--------------------|
|                                        | Governmental<br>Activities           | Business-type<br>Activities | Total         |                    |
| Net investment in capital assets:      |                                      |                             |               |                    |
| Net book value, all capital assets     | \$ 36,722,647                        | \$ 2,955,498                | \$ 39,678,145 | \$ -               |
| Less:                                  |                                      |                             |               |                    |
| Direct placement - bond payable        | (1,470,000)                          | -                           | (1,470,000)   | -                  |
| Unamortized bond premiums              | (128,520)                            | -                           | (128,520)     | -                  |
| Direct borrowing - note payable        | (375,908)                            | -                           | (375,908)     | -                  |
| Total net investment in capital assets | 34,748,219                           | 2,955,498                   | 37,703,717    | -                  |

*(Continued)*

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*Governmental and business-type activities and fiduciary funds net position continued:*

|                                                   | Government-wide Financial Statements |                             |                      | Fiduciary<br>Funds  |
|---------------------------------------------------|--------------------------------------|-----------------------------|----------------------|---------------------|
|                                                   | Governmental<br>Activities           | Business-type<br>Activities | Total                |                     |
| Restricted net position:                          |                                      |                             |                      |                     |
| Library                                           | 169,384                              | -                           | 169,384              | -                   |
| Escrows and impact fees                           | 681,936                              | -                           | 681,936              | -                   |
| Perpetual care - nonexpendable                    | 742,797                              | -                           | 742,797              | -                   |
| Perpetual care - expendable                       | 444,992                              | -                           | 444,992              | -                   |
| Individuals, organizations, and other governments | -                                    | -                           | -                    | 1,833,827           |
| Total restricted net position                     | <u>2,039,109</u>                     | <u>-</u>                    | <u>2,039,109</u>     | <u>1,833,827</u>    |
| Unrestricted                                      | (6,901,184)                          | 5,052,337                   | (1,848,847)          | -                   |
| Total net position                                | <u>\$ 29,886,144</u>                 | <u>\$ 8,007,835</u>         | <u>\$ 37,893,979</u> | <u>\$ 1,833,827</u> |

**NOTE 16 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

|                                    | General<br>Fund      | Nonmajor<br>Funds   | Total<br>Governmental<br>Funds |
|------------------------------------|----------------------|---------------------|--------------------------------|
| <b>Nonspendable:</b>               |                      |                     |                                |
| Tax deeded property                | \$ 2,749             | \$ -                | \$ 2,749                       |
| Permanent fund - principal balance | -                    | 742,797             | 742,797                        |
| Total nonspendable fund balance    | <u>2,749</u>         | <u>742,797</u>      | <u>745,546</u>                 |
| <b>Restricted:</b>                 |                      |                     |                                |
| Library                            | -                    | 169,384             | 169,384                        |
| Escrows and impact fees            | -                    | 681,936             | 681,936                        |
| Permanent fund - income balance    | -                    | 444,992             | 444,992                        |
| Total restricted fund balance      | <u>-</u>             | <u>1,296,312</u>    | <u>1,296,312</u>               |
| <b>Committed:</b>                  |                      |                     |                                |
| Expendable trust funds             | 1,506,662            | -                   | 1,506,662                      |
| EMS                                | -                    | 947,371             | 947,371                        |
| Conservation commission            | -                    | 118,120             | 118,120                        |
| Heritage commission                | -                    | 4,415               | 4,415                          |
| Parks and recreation               | -                    | 242,472             | 242,472                        |
| GTV cable                          | -                    | 57,916              | 57,916                         |
| Special detail revolving           | -                    | 104,662             | 104,662                        |
| Total committed fund balance       | <u>1,506,662</u>     | <u>1,474,956</u>    | <u>2,981,618</u>               |
| <b>Assigned:</b>                   |                      |                     |                                |
| Encumbrances                       | <u>2,322,665</u>     | <u>-</u>            | <u>2,322,665</u>               |
| <b>Unassigned</b>                  | <u>6,999,308</u>     | <u>-</u>            | <u>6,999,308</u>               |
| Total governmental fund balances   | <u>\$ 10,831,384</u> | <u>\$ 3,514,065</u> | <u>\$ 14,345,449</u>           |

**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**NOTE 17 – PRIOR PERIOD ADJUSTMENTS**

Net position/fund balance at January 1, 2022, was restated to give retroactive effect to the following prior period adjustments:

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|                                                                                                                                                                                                   | Governmental<br>Activities | Business-type<br>Activities |               | Governmental Funds |               |              | Proprietary  | Fiduciary |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|---------------|--------------------|---------------|--------------|--------------|-----------|
|                                                                                                                                                                                                   |                            | Proprietary Fund<br>Sewer   | General       | Nonmajor           | Total         | Fund         | Funds        |           |
|                                                                                                                                                                                                   |                            |                             |               |                    |               | Sewer        |              |           |
| To restate for School Resource Revenues due from School Administrative Unit No. 19 in 2018 and paid in 2018 not recognized as revenues in either period and posted between balance sheet accounts | \$ 39,598                  | \$ -                        | \$ 39,598     | \$ -               | \$ 39,598     | \$ -         | \$ -         |           |
| To restate for invalid prior audit entry proposed to remove interfund activity associated with annual bookkeeping services properly recorded but recorded in Library Fund's program activities    | 1,000                      | -                           | 1,000         | -                  | 1,000         | -            | -            |           |
| To restate for net effect of prior years' overlay activity improperly posted and retained in balance sheet accounts intended for recognizing an allowance for doubtful tax accounts               | 23,030                     | -                           | 23,030        | -                  | 23,030        | -            | -            |           |
| To restate for timing of last quarter cable franchise fee revenues associated with 2021 collected and recorded as revenue in 2022                                                                 | 85,619                     | -                           | 51,371        | 34,248             | 85,619        | -            | -            |           |
| To restate for differences in accounts payable lines related to 2013 and prior conversion data and erroneous entries made in prior periods                                                        | 17,310                     | 13,479                      | 17,310        | -                  | 17,310        | 13,479       | -            |           |
| To restate for carrying balances in inactive insurance withholding accounts containing uncleared activity from prior periods                                                                      | 149,571                    | -                           | 149,571       | -                  | 149,571       | -            | -            |           |
| To restate capital assets for CIP expenses recognized as assets                                                                                                                                   | -                          | (808,628)                   | -             | -                  | -             | (808,628)    | -            |           |
| To remove salvage values from capital infrastructure assets                                                                                                                                       | -                          | (260,567)                   | -             | -                  | -             | (260,567)    | -            |           |
| To restate for deferred tax revenue                                                                                                                                                               | 572,677                    | -                           | 572,677       | -                  | 572,677       | -            | -            |           |
| To restate for accrued landfill postclosure care costs not previously recorded                                                                                                                    | (273,450)                  | -                           | -             | -                  | -             | -            | -            |           |
| To restate for compensated absence liability when compared to prior audit report                                                                                                                  | (54,281)                   | -                           | -             | -                  | -             | -            | -            |           |
| To restate for grant receivable not recorded in prior year                                                                                                                                        | 38,040                     | -                           | 38,040        | -                  | 38,040        | -            | -            |           |
| To restate for escrow balances and activity not properly classified in prior audit                                                                                                                | 198,762                    | -                           | -             | 198,762            | 198,762       | -            | -            |           |
| To restate for reclassification of school impact fees to custodial funds                                                                                                                          | (475,791)                  | -                           | -             | (475,791)          | (475,791)     | -            | 475,791      |           |
| To restate for prior year EMS fund revenue recorded in current year                                                                                                                               | 293,281                    | -                           | -             | 293,281            | 293,281       | -            | -            |           |
| To remove capital asset recorded in conservation fund                                                                                                                                             | (10,596)                   | -                           | -             | (10,596)           | (10,596)      | -            | -            |           |
| To restate for difference in deferred tax revenue related to 60-day collections                                                                                                                   | (1,031,322)                | -                           | (1,031,322)   | -                  | (1,031,322)   | -            | -            |           |
| To restate for EMS deferred revenue                                                                                                                                                               | (1,128,355)                | -                           | -             | -                  | -             | -            | -            |           |
| To restate for difference in prior year deferred inflows related to local OPEB.                                                                                                                   | 18,982                     | -                           | -             | -                  | -             | -            | -            |           |
| To restate for differences in prior year deferred outflows related to local OPEB                                                                                                                  | (3,147)                    | -                           | -             | -                  | -             | -            | -            |           |
| To restate for allowance for doubtful accounts and general fund tax deferral                                                                                                                      | (122,181)                  | -                           | -             | -                  | -             | -            | -            |           |
| Net position/fund balance, as previously reported                                                                                                                                                 | 29,189,193                 | 9,255,176                   | 11,234,170    | 3,373,723          | 14,607,893    | 9,255,176    | 1,168,654    |           |
| Net position/fund balance, as restated                                                                                                                                                            | \$ 27,527,940              | \$ 8,199,460                | \$ 11,095,445 | \$ 3,413,627       | \$ 14,509,072 | \$ 8,199,460 | \$ 1,644,445 |           |

**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**NOTE 18 – RISK MANAGEMENT**

The Town 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 2022, the Town 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 January 1, 2022 to December 31, 2022 by Primex<sup>3</sup>, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex<sup>3</sup>. 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 2022 the Town paid \$168,843 and \$197,905 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The Town 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 19 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Town had no such agreements as of December 31, 2022.

**NOTE 20 – COVID-19**

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

**NOTE 21 – CONTINGENT LIABILITIES**

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

**NOTE 22 – 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 February 14, 2024, the date the December 31, 2022 financial statements were available to be issued, and the following event occurred that requires recognition or disclosure:

At the March 28, 2023, Annual Town Meeting, Warrant Article No. 10 was approved in the amount of \$250,000 to add funds to the Fire Department Apparatus Capital Reserve Fund. This warrant article is funded from unassigned fund balance as of December 31, 2022.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT G**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2022*  
**Unaudited**

| Fiscal year-end                                                                                | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2023 |
|------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement date                                                                               | June 30,<br>2015 | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 |
| Town's proportion of the net pension liability                                                 | 0.34%            | 0.34%            | 0.33%            | 0.31%            | 0.32%            | 0.30%            | 0.32%            | 0.34%            |
| Town's proportionate share of the net pension liability                                        | \$ 13,581,973    | \$ 18,149,475    | \$ 16,423,078    | \$ 15,138,099    | \$ 15,211,519    | \$ 19,190,914    | \$ 14,147,893    | \$ 19,503,270    |
| Town's covered payroll (as of the measurement date)                                            | \$ 7,484,563     | \$ 7,559,419     | \$ 7,653,505     | \$ 7,698,200     | \$ 7,923,476     | \$ 7,770,005     | \$ 7,913,788     | \$ 8,681,598     |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 181.47%          | 240.09%          | 214.58%          | 196.64%          | 191.98%          | 246.99%          | 178.78%          | 224.65%          |
| Plan fiduciary net position as a percentage of the total pension liability                     | 65.47%           | 58.30%           | 62.66%           | 64.73%           | 65.59%           | 58.72%           | 72.22%           | 65.12%           |

**EXHIBIT H**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
**New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan**  
**For the Fiscal Year Ended December 31, 2022**

*Unaudited*

| Fiscal year-end                                                       | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2023 |
|-----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement date                                                      | June 30,<br>2015 | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 |
| Contractually required contribution                                   | \$ 1,173,354     | \$ 1,220,621     | \$ 1,270,031     | \$ 1,355,312     | \$ 1,375,779     | \$ 1,332,897     | \$ 1,466,614     | \$ 2,014,944     |
| Contributions in relation to the contractually required contributions | (1,173,354)      | (1,220,621)      | (1,270,031)      | (1,355,312)      | (1,375,779)      | (1,332,897)      | (1,466,614)      | (2,014,944)      |
| Contribution deficiency (excess)                                      | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Town's covered payroll<br>(as of the fiscal year-end)                 | \$ 7,423,050     | \$ 7,575,164     | \$ 7,625,858     | \$ 7,822,590     | \$ 7,782,890     | \$ 8,332,449     | \$ 8,973,276     | \$ 9,403,814     |
| Contributions as a percentage of covered payroll                      | 15.81%           | 16.11%           | 16.65%           | 17.33%           | 17.68%           | 16.00%           | 16.34%           | 21.43%           |

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

**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

***Schedule of the Town’s Proportionate Share of Net Pension Liability and  
Schedule of Town Contributions - Pensions***

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – Salary increases changed to 5.4% from 5.6% in the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town’s pension plan at December 31, 2022. 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.

**EXHIBIT I**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
*Schedule of the Town'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 December 31, 2022*  
**Unaudited**

| Fiscal year-end                                                                                     | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 | June 30,<br>2023 |
|-----------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement date                                                                                    | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2019 | June 30,<br>2020 | June 30,<br>2021 | June 30,<br>2022 |
| Town's proportion of the net OPEB liability                                                         | 0.23%            | 0.32%            | 0.33%            | 0.29%            | 0.31%            | 0.36%            |
| Town's proportionate share of the net OPEB liability (asset)                                        | \$ 1,031,008     | \$ 1,479,509     | \$ 1,432,389     | \$ 1,258,542     | \$ 1,254,151     | \$ 1,359,467     |
| Town's covered payroll (as of the measurement date)                                                 | \$ 7,623,505     | \$ 7,698,200     | \$ 7,923,476     | \$ 7,770,005     | \$ 7,913,788     | \$ 8,681,598     |
| Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 13.52%           | 19.22%           | 18.08%           | 16.20%           | 15.85%           | 15.66%           |
| Plan fiduciary net position as a percentage of the total OPEB liability                             | 7.91%            | 7.53%            | 7.75%            | 7.74%            | 11.06%           | 10.64%           |

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

**EXHIBIT J**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2022*

**Unaudited**

| Fiscal year-end                                                      | June 30,<br>2018    | June 30,<br>2019    | June 30,<br>2020    | June 30,<br>2021    | June 30,<br>2022    | June 30,<br>2023    |
|----------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Measurement date                                                     | June 30,<br>2017    | June 30,<br>2018    | June 30,<br>2019    | June 30,<br>2020    | June 30,<br>2021    | June 30,<br>2022    |
| Contractually required contribution                                  | \$ 137,218          | \$ 146,444          | \$ 149,103          | \$ 133,463          | \$ 150,499          | \$ 155,761          |
| Contributions in relation to the contractually required contribution | <u>(137,218)</u>    | <u>(146,444)</u>    | <u>(149,103)</u>    | <u>(133,463)</u>    | <u>(150,499)</u>    | <u>(155,761)</u>    |
| Contribution deficiency (excess)                                     | <u>\$ -</u>         |
| Town's covered payroll (as of the fiscal year end)                   | <u>\$ 7,625,858</u> | <u>\$ 7,822,590</u> | <u>\$ 7,782,890</u> | <u>\$ 8,332,449</u> | <u>\$ 8,973,276</u> | <u>\$ 9,403,814</u> |
| Contributions as a percentage of covered payroll                     | 1.80%               | 1.87%               | 1.92%               | 1.60%               | 1.68%               | 1.66%               |

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

**EXHIBIT K**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
*Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios*  
**Retiree Health Benefit Program**  
**For the Fiscal Year Ended December 31, 2022**  
**Unaudited**

|                                                            | December 31,        |                     |                     |                     |                     |
|------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                            | 2018                | 2019                | 2020                | 2021                | 2022                |
| OPEB liability, beginning of year                          | \$ 3,407,878        | \$ 3,369,924        | \$ 4,025,871        | \$ 1,791,521        | \$ 1,830,406        |
| Changes for the year:                                      |                     |                     |                     |                     |                     |
| Service cost                                               | 158,802             | 141,505             | 66,451              | 77,476              | 99,455              |
| Interest                                                   | 121,094             | 141,492             | 46,498              | 38,664              | 40,368              |
| Assumption changes                                         | (224,002)           | 495,030             | (1,349,222)         | 13,730              | (223,926)           |
| Differences between actual<br>and expected experience      | -                   | -                   | (913,581)           | -                   | 84,951              |
| Benefit payments                                           | (93,848)            | (122,080)           | (84,496)            | (90,985)            | (113,955)           |
| OPEB liability, end of year                                | <u>\$ 3,369,924</u> | <u>\$ 4,025,871</u> | <u>\$ 1,791,521</u> | <u>\$ 1,830,406</u> | <u>\$ 1,717,299</u> |
| Covered payroll                                            | <u>\$ 7,511,456</u> | <u>\$ 7,699,243</u> | <u>\$ 8,324,065</u> | <u>\$ 8,532,166</u> | <u>\$ 9,403,814</u> |
| Total OPEB liability as a percentage<br>of covered payroll | 44.86%              | 52.29%              | 21.52%              | 21.45%              | 18.26%              |

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

**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

***Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of Town Contributions – Other Postemployment Benefits***

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – Salary increases changed to 5.4% from 5.6% in the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. 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.

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

***Changes in Benefit Terms*** – There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – There were the following changes in assumptions for the current period:

- The healthcare cost trend rate was reset to 7.0% in 2022, grading down by 0.5% per annum to an ultimate rate of 5.0% in years 2026 and later.
- The mortality improvement scale was updated to Scale MP-2021.

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. 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**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2022**

|                                                                  | Estimated            | Actual               | Variance<br>Positive<br>(Negative) |
|------------------------------------------------------------------|----------------------|----------------------|------------------------------------|
| <b>Taxes:</b>                                                    |                      |                      |                                    |
| Property                                                         | \$ 15,713,639        | \$ 15,737,245        | \$ 23,606                          |
| Yield                                                            | 5,000                | 4,406                | (594)                              |
| Special assessment                                               | 48,000               | 46,271               | (1,729)                            |
| Excavation                                                       | 100                  | 63                   | (37)                               |
| Payment in lieu of taxes                                         | 9,000                | 9,000                | -                                  |
| Interest and penalties on taxes                                  | 80,000               | 70,422               | (9,578)                            |
| Total from taxes                                                 | <u>15,855,739</u>    | <u>15,867,407</u>    | <u>11,668</u>                      |
| <b>Licenses, permits, and fees:</b>                              |                      |                      |                                    |
| Business licenses, permits, and fees                             | 7,500                | 6,356                | (1,144)                            |
| Motor vehicle permit fees                                        | 3,450,000            | 3,427,933            | (22,067)                           |
| Building permits                                                 | 150,000              | 167,328              | 17,328                             |
| Other                                                            | 33,600               | 34,343               | 743                                |
| Total from licenses, permits, and fees                           | <u>3,641,100</u>     | <u>3,635,960</u>     | <u>(5,140)</u>                     |
| <b>Intergovernmental:</b>                                        |                      |                      |                                    |
| State:                                                           |                      |                      |                                    |
| Meals and rooms distribution                                     | 1,624,915            | 1,624,915            | -                                  |
| Highway block grant                                              | 425,092              | 423,443              | (1,649)                            |
| Other                                                            | 108,324              | 100,063              | (8,261)                            |
| Federal:                                                         |                      |                      |                                    |
| Other                                                            | 423,042              | 466,669              | 43,627                             |
| Other:                                                           |                      |                      |                                    |
| Local government                                                 | 190,304              | 190,750              | 446                                |
| Total from intergovernmental                                     | <u>2,771,677</u>     | <u>2,805,840</u>     | <u>34,163</u>                      |
| <b>Charges for services:</b>                                     |                      |                      |                                    |
| Income from departments                                          | <u>350,271</u>       | <u>373,828</u>       | <u>23,557</u>                      |
| <b>Miscellaneous:</b>                                            |                      |                      |                                    |
| Sale of municipal property                                       | 50,000               | 47,400               | (2,600)                            |
| Interest on investments                                          | 75,000               | 110,056              | 35,056                             |
| Cable fees                                                       | 202,000              | 199,329              | (2,671)                            |
| Other                                                            | 35,000               | 66,574               | 31,574                             |
| Total from miscellaneous                                         | <u>362,000</u>       | <u>423,359</u>       | <u>61,359</u>                      |
| <b>Other financing sources:</b>                                  |                      |                      |                                    |
| Transfers in                                                     | <u>727,861</u>       | <u>727,861</u>       | <u>-</u>                           |
| Total revenues and other financing sources                       | 23,708,648           | <u>\$ 23,834,255</u> | <u>\$ 125,607</u>                  |
| Unassigned fund balance used to reduce tax rate                  | 750,000              |                      |                                    |
| Amounts voted from fund balance                                  | 865,000              |                      |                                    |
| Total revenues, other financing sources, and use of fund balance | <u>\$ 25,323,648</u> |                      |                                    |

**SCHEDULE 2**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2022**

|                                                                               | Encumbered<br>from Prior<br>Year | Appropriations       | Expenditures         | Encumbered<br>to Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|-------------------------------------------------------------------------------|----------------------------------|----------------------|----------------------|-------------------------------------|------------------------------------|
| Current:                                                                      |                                  |                      |                      |                                     |                                    |
| General government:                                                           |                                  |                      |                      |                                     |                                    |
| Executive                                                                     | \$ 7,891                         | \$ 403,587           | \$ 417,647           | \$ 1,590                            | \$ (7,759)                         |
| Election and registration                                                     | -                                | 290,924              | 283,596              | -                                   | 7,328                              |
| Financial administration                                                      | 28,905                           | 1,276,866            | 1,247,973            | 20,050                              | 37,748                             |
| Revaluation of property                                                       | 14,000                           | 195,779              | 180,822              | -                                   | 28,957                             |
| Planning and zoning                                                           | 11,000                           | 321,012              | 249,797              | 9,210                               | 73,005                             |
| Cemeteries                                                                    | -                                | 177,829              | 161,021              | -                                   | 16,808                             |
| Insurance, not otherwise allocated                                            | -                                | 2,670,349            | 2,514,250            | -                                   | 156,099                            |
| Other                                                                         | -                                | 33,750               | 15,152               | -                                   | 18,598                             |
| Total general government                                                      | <u>61,796</u>                    | <u>5,370,096</u>     | <u>5,070,258</u>     | <u>30,850</u>                       | <u>330,784</u>                     |
| Public safety:                                                                |                                  |                      |                      |                                     |                                    |
| Police                                                                        | 5,398                            | 4,167,852            | 3,895,064            | 2,563                               | 275,623                            |
| Fire                                                                          | 32,055                           | 3,213,161            | 3,164,248            | 14,788                              | 66,180                             |
| Building inspection                                                           | -                                | 126,463              | 114,353              | -                                   | 12,110                             |
| Emergency management                                                          | -                                | 7,990                | 3,315                | -                                   | 4,675                              |
| Other                                                                         | -                                | 963,570              | 929,431              | -                                   | 34,139                             |
| Total public safety                                                           | <u>37,453</u>                    | <u>8,479,036</u>     | <u>8,106,411</u>     | <u>17,351</u>                       | <u>392,727</u>                     |
| Highways and streets:                                                         |                                  |                      |                      |                                     |                                    |
| Highways and streets                                                          | 35,177                           | 3,238,096            | 2,739,816            | 381,190                             | 152,267                            |
| Other                                                                         | -                                | 567,685              | 555,747              | -                                   | 11,938                             |
| Total highways and streets                                                    | <u>35,177</u>                    | <u>3,805,781</u>     | <u>3,295,563</u>     | <u>381,190</u>                      | <u>164,205</u>                     |
| Sanitation:                                                                   |                                  |                      |                      |                                     |                                    |
| Solid waste collection                                                        | -                                | 1,252,839            | 1,432,740            | 9,300                               | (189,201)                          |
| Welfare:                                                                      |                                  |                      |                      |                                     |                                    |
| Administration and direct assistance                                          | -                                | 30,393               | 9,516                | -                                   | 20,877                             |
| Vendor payments and other                                                     | -                                | 20,000               | 20,000               | -                                   | -                                  |
| Total welfare                                                                 | <u>-</u>                         | <u>50,393</u>        | <u>29,516</u>        | <u>-</u>                            | <u>20,877</u>                      |
| Culture and recreation:                                                       |                                  |                      |                      |                                     |                                    |
| Parks and recreation                                                          | -                                | 523,881              | 508,460              | -                                   | 15,421                             |
| Library                                                                       | -                                | 779,739              | 741,502              | -                                   | 38,237                             |
| Total culture and recreation                                                  | <u>-</u>                         | <u>1,303,620</u>     | <u>1,249,962</u>     | <u>-</u>                            | <u>53,658</u>                      |
| Debt service:                                                                 |                                  |                      |                      |                                     |                                    |
| Principal of long-term debt                                                   | -                                | 105,000              | 105,000              | -                                   | -                                  |
| Interest on long-term debt                                                    | -                                | 55,047               | 55,046               | -                                   | 1                                  |
| Interest on tax anticipation notes                                            | -                                | 1                    | -                    | -                                   | 1                                  |
| Other                                                                         | -                                | 53,244               | 53,244               | -                                   | -                                  |
| Total debt service                                                            | <u>-</u>                         | <u>213,292</u>       | <u>213,290</u>       | <u>-</u>                            | <u>2</u>                           |
| Capital outlay                                                                | 1,036,700                        | 4,598,591            | 3,549,067            | 1,883,974                           | 202,250                            |
| Other financing uses:                                                         |                                  |                      |                      |                                     |                                    |
| Transfers out                                                                 | -                                | 250,000              | 250,000              | -                                   | -                                  |
| Total appropriations, expenditures,<br>other financing uses, and encumbrances | <u>\$ 1,171,126</u>              | <u>\$ 25,323,648</u> | <u>\$ 23,196,807</u> | <u>\$ 2,322,665</u>                 | <u>\$ 975,302</u>                  |

See Independent Auditor's Report.

**SCHEDULE 3**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2022**

|                                                                                                                            |                |                            |
|----------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|
| Unassigned fund balance, beginning, as restated (see Note 17)                                                              |                | \$ 7,988,192               |
| Changes:                                                                                                                   |                |                            |
| Unassigned fund balance used to reduce 2022 tax rate                                                                       |                | (750,000)                  |
| Amounts voted from fund balance                                                                                            |                | (865,000)                  |
| 2022 Budget summary:                                                                                                       |                |                            |
| Revenue surplus (Schedule 1)                                                                                               | \$ 125,607     |                            |
| Unexpended balance of appropriations (Schedule 2)                                                                          | <u>975,302</u> |                            |
| Budget surplus                                                                                                             |                | 1,100,909                  |
| Increase in nonspendable fund balance                                                                                      |                | <u>(2,749)</u>             |
| Unassigned fund balance, ending                                                                                            |                | 7,471,352                  |
| <b><i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i></b>                                                     |                |                            |
| To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis |                | <u>(472,044)</u>           |
| Unassigned fund balance, ending, GAAP basis (Exhibit C-1)                                                                  |                | <u><u>\$ 6,999,308</u></u> |

**SCHEDULE 4**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2022**

|                                                                     | Special Revenue Funds |                     |                   |                 |                      |
|---------------------------------------------------------------------|-----------------------|---------------------|-------------------|-----------------|----------------------|
|                                                                     | Grants                | EMS                 | Conservation      | Heritage        | Parks and Recreation |
| <b>ASSETS</b>                                                       |                       |                     |                   |                 |                      |
| Cash and cash equivalents                                           | \$ 987,841            | \$ 473,682          | \$ 107,320        | \$ 4,415        | \$ 242,472           |
| Investments                                                         | -                     | -                   | -                 | -               | -                    |
| Accounts receivable (net)                                           | -                     | 553,830             | -                 | -               | -                    |
| Due from other governments                                          | 50,000                | -                   | -                 | -               | -                    |
| Interfund receivable                                                | -                     | -                   | 10,800            | -               | -                    |
| Total assets                                                        | <u>\$ 1,037,841</u>   | <u>\$ 1,027,512</u> | <u>\$ 118,120</u> | <u>\$ 4,415</u> | <u>\$ 242,472</u>    |
| <b>LIABILITIES</b>                                                  |                       |                     |                   |                 |                      |
| Accounts payable                                                    | \$ -                  | \$ 12,537           | \$ -              | \$ -            | \$ -                 |
| Accrued salaries and benefits                                       | -                     | 4,910               | -                 | -               | -                    |
| Due to other governments                                            | -                     | 2,828               | -                 | -               | -                    |
| Interfund payable                                                   | -                     | 59,866              | -                 | -               | -                    |
| Total liabilities                                                   | <u>-</u>              | <u>80,141</u>       | <u>-</u>          | <u>-</u>        | <u>-</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                       |                     |                   |                 |                      |
| Unavailable revenue - grants                                        | <u>1,037,841</u>      | <u>-</u>            | <u>-</u>          | <u>-</u>        | <u>-</u>             |
| <b>FUND BALANCES</b>                                                |                       |                     |                   |                 |                      |
| Nonspendable                                                        | -                     | -                   | -                 | -               | -                    |
| Restricted                                                          | -                     | -                   | -                 | -               | -                    |
| Committed                                                           | -                     | 947,371             | 118,120           | 4,415           | 242,472              |
| Total fund balances                                                 | <u>-</u>              | <u>947,371</u>      | <u>118,120</u>    | <u>4,415</u>    | <u>242,472</u>       |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,037,841</u>   | <u>\$ 1,027,512</u> | <u>\$ 118,120</u> | <u>\$ 4,415</u> | <u>\$ 242,472</u>    |

| Special Revenue Funds |                             |                   |                            |                     |                     |
|-----------------------|-----------------------------|-------------------|----------------------------|---------------------|---------------------|
| GTV<br>Cable          | Special Detail<br>Revolving | Library           | Escrows and<br>Impact Fees | Permanent<br>Fund   | Total               |
| \$ -                  | \$ 90,688                   | \$ 201,220        | \$ 677,743                 | \$ 51,795           | \$ 2,837,176        |
| -                     | -                           | -                 | -                          | 1,135,994           | 1,135,994           |
| 65,563                | 15,360                      | -                 | 62,327                     | -                   | 697,080             |
| -                     | -                           | -                 | -                          | -                   | 50,000              |
| -                     | -                           | -                 | -                          | -                   | 10,800              |
| <u>\$ 65,563</u>      | <u>\$ 106,048</u>           | <u>\$ 201,220</u> | <u>\$ 740,070</u>          | <u>\$ 1,187,789</u> | <u>\$ 4,731,050</u> |
| \$ 2,739              | \$ -                        | \$ -              | \$ -                       | \$ -                | \$ 15,276           |
| 2,041                 | 1,386                       | -                 | -                          | -                   | 8,337               |
| -                     | -                           | -                 | -                          | -                   | 2,828               |
| 2,867                 | -                           | 31,836            | 58,134                     | -                   | 152,703             |
| <u>7,647</u>          | <u>1,386</u>                | <u>31,836</u>     | <u>58,134</u>              | <u>-</u>            | <u>179,144</u>      |
| -                     | -                           | -                 | -                          | -                   | 1,037,841           |
| -                     | -                           | -                 | -                          | 742,797             | 742,797             |
| -                     | -                           | 169,384           | 681,936                    | 444,992             | 1,296,312           |
| 57,916                | 104,662                     | -                 | -                          | -                   | 1,474,956           |
| <u>57,916</u>         | <u>104,662</u>              | <u>169,384</u>    | <u>681,936</u>             | <u>1,187,789</u>    | <u>3,514,065</u>    |
| <u>\$ 65,563</u>      | <u>\$ 106,048</u>           | <u>\$ 201,220</u> | <u>\$ 740,070</u>          | <u>\$ 1,187,789</u> | <u>\$ 4,731,050</u> |

See Independent Auditor's Report.

**SCHEDULE 5**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2022**

|                                                              | Special Revenue Funds |                   |                   |                 |                         |
|--------------------------------------------------------------|-----------------------|-------------------|-------------------|-----------------|-------------------------|
|                                                              | Grants                | EMS               | Conservation      | Heritage        | Parks and<br>Recreation |
| <b>REVENUES</b>                                              |                       |                   |                   |                 |                         |
| Taxes                                                        | \$ -                  | \$ -              | \$ 15,800         | \$ -            | \$ -                    |
| Intergovernmental                                            | 1,652,555             | -                 | -                 | -               | -                       |
| Charges for services                                         | -                     | 922,507           | -                 | -               | 84,319                  |
| Miscellaneous                                                | -                     | -                 | 913               | 214             | 7,175                   |
| Unrealized loss on investments                               | -                     | -                 | -                 | -               | -                       |
| Total revenues                                               | <u>1,652,555</u>      | <u>922,507</u>    | <u>16,713</u>     | <u>214</u>      | <u>91,494</u>           |
| <b>EXPENDITURES</b>                                          |                       |                   |                   |                 |                         |
| Current:                                                     |                       |                   |                   |                 |                         |
| General government                                           | -                     | -                 | -                 | -               | -                       |
| Public safety                                                | -                     | 348,589           | -                 | -               | -                       |
| Highways and streets                                         | -                     | -                 | -                 | -               | -                       |
| Culture and recreation                                       | -                     | -                 | -                 | -               | 11,221                  |
| Capital outlay                                               | 1,652,555             | 278,602           | -                 | -               | -                       |
| Total expenditures                                           | <u>1,652,555</u>      | <u>627,191</u>    | <u>-</u>          | <u>-</u>        | <u>11,221</u>           |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>-</u>              | <u>295,316</u>    | <u>16,713</u>     | <u>214</u>      | <u>80,273</u>           |
| <b>OTHER FINANCING USES</b>                                  |                       |                   |                   |                 |                         |
| Transfers out                                                | -                     | (9,800)           | -                 | -               | -                       |
| Net change in fund balances                                  | -                     | 285,516           | 16,713            | 214             | 80,273                  |
| Fund balances, beginning, as restated (see Note 17)          | -                     | 661,855           | 101,407           | 4,201           | 162,199                 |
| Fund balances, ending                                        | <u>\$ -</u>           | <u>\$ 947,371</u> | <u>\$ 118,120</u> | <u>\$ 4,415</u> | <u>\$ 242,472</u>       |

| Special Revenue Funds |                             |                   |                            |                     |                     |
|-----------------------|-----------------------------|-------------------|----------------------------|---------------------|---------------------|
| GTV<br>Cable          | Special Detail<br>Revolving | Library           | Escrows and<br>Impact Fees | Permanent<br>Fund   | Total               |
| \$ -                  | \$ -                        | \$ -              | \$ -                       | \$ -                | \$ 15,800           |
| 44,874                | -                           | 1,050             | -                          | -                   | 1,698,479           |
| 132,885               | 123,938                     | -                 | -                          | -                   | 1,263,649           |
| -                     | -                           | 7,505             | 295,942                    | 38,805              | 350,554             |
| -                     | -                           | -                 | -                          | (499,098)           | (499,098)           |
| <u>177,759</u>        | <u>123,938</u>              | <u>8,555</u>      | <u>295,942</u>             | <u>(460,293)</u>    | <u>2,829,384</u>    |
| -                     | -                           | -                 | 15,256                     | 12,665              | 27,921              |
| -                     | 104,020                     | -                 | 34,239                     | -                   | 486,848             |
| -                     | -                           | -                 | 31,807                     | -                   | 31,807              |
| 225,539               | -                           | 3,653             | -                          | -                   | 240,413             |
| -                     | -                           | -                 | -                          | -                   | 1,931,157           |
| <u>225,539</u>        | <u>104,020</u>              | <u>3,653</u>      | <u>81,302</u>              | <u>12,665</u>       | <u>2,718,146</u>    |
| <u>(47,780)</u>       | <u>19,918</u>               | <u>4,902</u>      | <u>214,640</u>             | <u>(472,958)</u>    | <u>111,238</u>      |
| -                     | -                           | (1,000)           | -                          | -                   | (10,800)            |
| (47,780)              | 19,918                      | 3,902             | 214,640                    | (472,958)           | 100,438             |
| 105,696               | 84,744                      | 165,482           | 467,296                    | 1,660,747           | 3,413,627           |
| <u>\$ 57,916</u>      | <u>\$ 104,662</u>           | <u>\$ 169,384</u> | <u>\$ 681,936</u>          | <u>\$ 1,187,789</u> | <u>\$ 3,514,065</u> |

See Independent Auditor's Report.

**SCHEDULE 6**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2022**

|                               | Custodial Funds   |                   |                          |                                               | Total               |
|-------------------------------|-------------------|-------------------|--------------------------|-----------------------------------------------|---------------------|
|                               | Taxes             | Trust<br>Funds    | School<br>Impact<br>Fees | State of NH<br>Motor Vehicle<br>Registrations |                     |
| <b>ASSETS</b>                 |                   |                   |                          |                                               |                     |
| Cash and cash equivalents     | \$ -              | \$ -              | \$ 449,433               | \$ -                                          | \$ 449,433          |
| Investments                   | -                 | 464,358           | -                        | -                                             | 464,358             |
| Accounts receivable           | -                 | -                 | 99,834                   | -                                             | 99,834              |
| Intergovernmental receivables | 12,337,689        | -                 | -                        | -                                             | 12,337,689          |
| Total assets                  | <u>12,337,689</u> | <u>464,358</u>    | <u>549,267</u>           | <u>-</u>                                      | <u>13,351,314</u>   |
| <b>LIABILITIES</b>            |                   |                   |                          |                                               |                     |
| Intergovernmental payables:   |                   |                   |                          |                                               |                     |
| School                        | 12,337,689        | -                 | -                        | -                                             | 12,337,689          |
| <b>NET POSITION</b>           |                   |                   |                          |                                               |                     |
| Restricted                    | <u>\$ -</u>       | <u>\$ 464,358</u> | <u>\$ 549,267</u>        | <u>\$ -</u>                                   | <u>\$ 1,013,625</u> |

See Independent Auditor's Report.

**SCHEDULE 7**  
**TOWN OF GOFFSTOWN, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2022**

|                                                    | Custodial Funds   |                   |                    |                                       | Total               |
|----------------------------------------------------|-------------------|-------------------|--------------------|---------------------------------------|---------------------|
|                                                    | Taxes             | Trust Funds       | School Impact Fees | State of NH Motor Vehicle Permit Fees |                     |
| <b>Additions:</b>                                  |                   |                   |                    |                                       |                     |
| Contributions                                      | \$ -              | \$ 200,000        | \$ 73,145          | \$ -                                  | \$ 273,145          |
| Investment earnings                                | -                 | 8,617             | 331                | -                                     | 8,948               |
| Tax collections for other governments              | 29,986,531        | -                 | -                  | -                                     | 29,986,531          |
| Motor vehicle permit fees collected                | -                 | -                 | -                  | 1,099,010                             | 1,099,010           |
| Total additions                                    | <u>29,986,531</u> | <u>208,617</u>    | <u>73,476</u>      | <u>1,099,010</u>                      | <u>31,367,634</u>   |
| <b>Deductions:</b>                                 |                   |                   |                    |                                       |                     |
| Trust fund reimbursements                          | -                 | 191,711           | -                  | -                                     | 191,711             |
| Payments of taxes to other governments             | 29,986,531        | -                 | -                  | -                                     | 29,986,531          |
| Payments of motor vehicle permit fees              | -                 | -                 | -                  | 1,099,010                             | 1,099,010           |
| Total deductions                                   | <u>29,986,531</u> | <u>191,711</u>    | <u>-</u>           | <u>1,099,010</u>                      | <u>31,277,252</u>   |
| Change in net position                             | -                 | 16,906            | 73,476             | -                                     | 90,382              |
| Net position, beginning, as restated (see Note 17) | -                 | 447,452           | 475,791            | -                                     | 923,243             |
| Net position, ending                               | <u>\$ -</u>       | <u>\$ 464,358</u> | <u>\$ 549,267</u>  | <u>\$ -</u>                           | <u>\$ 1,013,625</u> |

See Independent Auditor's Report.

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



# PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

### **Independent Auditor's Report**

To the Members of the Board of Selectmen  
Town of Goffstown  
Goffstown, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and the aggregate remaining fund information of the Town of Goffstown as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Goffstown's basic financial statements, and have issued our report thereon dated February 14, 2024.

### ***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

### ***Report on Compliance and Other Matters***

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

***Town of Goffstown***

***Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards***

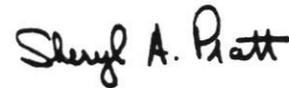
***Town of Goffstown's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Goffstown's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Goffstown's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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

February 14, 2024  
Concord, New Hampshire



PLODZIK & SANDERSON  
Professional Association



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

### **Independent Auditor's Report**

To the Members of the Board of Selectmen  
Town of Goffstown  
Goffstown, New Hampshire

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

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

We have audited the Town of Goffstown's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Goffstown's major federal programs for the year ended December 31, 2022. The Town of Goffstown's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Goffstown complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Goffstown and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Goffstown's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Goffstown's federal programs.

##### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Goffstown's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

***Town of Goffstown  
Report on Compliance for Each Major Federal Program and Report on  
Internal Control Over Compliance Required by the Uniform Guidance***

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Goffstown's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Goffstown's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Goffstown's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Goffstown's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Goffstown's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Goffstown's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

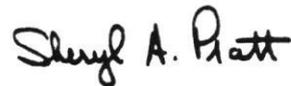
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Goffstown's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Goffstown's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Town of Goffstown  
Report on Compliance for Each Major Federal Program and Report on  
Internal Control Over Compliance Required by the Uniform Guidance***

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



February 14, 2024  
Concord, New Hampshire

PLODZIK & SANDERSON  
Professional Association



**SCHEDULE I (continued)**  
**TOWN OF GOFFSTOWN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2022**

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**Condition:** The current organizational structure poses a significant segregation of duties risk as the Finance Director concurrently holds the positions of Assistant Town Administrator and Treasurer. In addition, the Town Administrator concurrently holds the position of Deputy Treasurer. This consolidation of roles creates a potential conflict of interest and undermines the fundamental principle of segregating incompatible functions.

**Cause:** Historical practice.

**Effect:** The Town Administrator and Finance Director, by virtue of holding multiple key roles, may find it challenging to maintain independence and objectivity in financial decision-making processes. This lack of independence increases the risk of errors, fraud, or inappropriate financial practices going unnoticed. The current arrangement increases the likelihood of errors and irregularities remaining undetected. The combination of roles exposes the Town to an elevated risk of fraudulent activities, as there is insufficient separation of duties to deter and detect fraudulent transactions. This compromises the integrity of financial reporting and may lead to financial misstatements.

**Identification as Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend the Town reevaluate its organizational structure and redistribute the responsibilities of the Finance Director, Assistant Town Administrator, Treasurer and Deputy Treasurer to different individuals. Ideally, the roles of the Treasurer and Deputy Treasurer should not be a Town employee.

**Views of Responsible Officials:** Management's views and corrective action plan is included at the end of this report.

**2022-002 Purchasing (Significant Deficiency)**

**Criteria:** Adhering to a purchasing policy is crucial for an organization as it ensures transparency, accountability, and legal compliance, promotes fair competition, mitigates risks, maintains financial control, and enhances efficiency and consistency through clear guidelines and procedures over procurement activities, ultimately fostering stakeholder confidence and ethical procurement practices. This commitment collectively establishes a foundation for responsible governance, trustworthy relationships, and sustainable business practices.

The Town's current purchasing policy requires purchase orders for all purchases above \$5,000. In addition, for purchases between \$5,000 and \$24,999, written/verbal quotes are required to be documented and attached to the purchase order. If the purchase is over \$25,000, a sealed bid/request for proposals (RFPs) is required.

**Condition:** During our review of vendor disbursements, we noted instances where the purchasing policy was not being followed. We noted:

- One instance where a purchase was above \$25,000 but no purchase order or sealed bid/request for proposal was initiated and completed.
- One instance where a purchase was above \$5,000, but no written/verbal quotes were documented and attached to the purchase order.
- Two instances where purchases were above \$25,000 but no sealed bid/request for proposal was initiated and completed.

While the purchasing policy allows for emergency purchases, a purchase order is required, and the competitive procurement provisions can only be waived by the Board of Selectmen for a purchase over the sealed bid/RFP limits. No additional documentation was provided to support that the instances noted above were considered emergency related.

**Cause:** Unknown. Past practice.

**Effect:** Not adhering to a purchasing policy can have severe consequences for a Town, including a lack of transparency in procurement processes, heightened risks of fraud and financial mismanagement, and potential legal consequences for violating procurement regulations. The absence of clear guidelines may lead to unfair competition, favoritism in vendor selection, and budgetary deviations, compromising overall financial control. In addition, inefficiencies and inconsistencies in procurement activities may arise, affecting the Town's ability to standardize processes. Furthermore, stakeholders' confidence may diminish, impacting relationships with employees, vendors, and the public.

**SCHEDULE I (continued)**  
**TOWN OF GOFFSTOWN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2022**

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**Identification as Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend the Town complete a comprehensive reevaluation and revision of the purchasing policy to better align with current practices and procedures. This will ensure its effectiveness, alignment with Town goals and regulatory requirements and promote adherence to established guidelines.

**Views of Responsible Officials:** Management's views and corrective action plan is included at the end of this report.

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

**2022-003 Suspension and Debarment (Material Weakness)**

**Federal Agency:** U.S. Treasury

**Pass-through Agency:** N/A

**Cluster/Program:** Coronavirus State and Local Fiscal Recovery Funds

**Assistance Listing Number:** 21.027

**Passed-through Identification:** N/A

**Compliance Requirement:** Procurement, Suspension, and Debarment

**Type of Finding:**

Internal Control over Compliance – Material Weakness

Material Noncompliance

**Criteria or Specific Requirement:** Federal regulations 2 CFR 200.303 states, the Town, as a recipient of Federal funds, must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In addition, under 2 CFR 200.214, non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

When a non-Federal entity enters into a covered transaction with an entity, the non-Federal entity must verify that the entity, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

**Condition:** The Town did not properly verify and document Federal suspension and debarment status for one vendor prior to entering into a transaction with the vendor.

**Cause:** The Town does not have formal policies and procedures in place to ensure vendors are not suspended or debarred.

**Effect:** The Town's system of internal controls was not designed effectively to prevent instances of noncompliance. However, it was determined that no vendor utilized was suspended or debarred.

**Questioned Costs:** None

**Identification as Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that the Town implement policies and procedures to formally verify and document the suspension and debarment process for all entities that it enters into transactions with using Federal funds.

**Views of Responsible Officials:** Management's views and corrective action plan is included at the end of this report.

**SCHEDULE II**  
**TOWN OF GOFFSTOWN**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended December 31, 2022*

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title                                 | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Grantor's<br>Number | Federal<br>Expenditures |
|--------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|-------------------------|
| <b>U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>                                             |                                            |                                     |                         |
| Passed Through the State of New Hampshire State Library                                          |                                            |                                     |                         |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds                                     | 21.027                                     | 358ARPA21                           | \$ 28,080               |
| <b>U.S. DEPARTMENT OF TREASURY</b>                                                               |                                            |                                     |                         |
| Passed Through the State of New Hampshire<br>Governor's Office For Emergency Relief and Recovery |                                            |                                     |                         |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds                                     | 21.027                                     | 00FRF602PH0206A                     | 50,000                  |
| <i>PROGRAM TOTAL</i>                                                                             |                                            |                                     | <u>78,080</u>           |
| <b>DIRECT FUNDING</b>                                                                            |                                            |                                     |                         |
| <b>U.S. DEPARTMENT OF JUSTICE</b>                                                                |                                            |                                     |                         |
| Bulletproof Vest Partnership Program                                                             | 16.607                                     | N/A                                 | 1,898                   |
| FBI Safe Streets                                                                                 | 16.U01                                     | N/A                                 | 9,199                   |
| <b>U.S. DEPARTMENT OF TREASURY</b>                                                               |                                            |                                     |                         |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds                                     | 21.027                                     | N/A                                 | 1,574,475               |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                                                      |                                            |                                     |                         |
| Staffing for Adequate Fire and Emergency Response (SAFER)                                        | 97.083                                     | EMW-2018-FH-00138                   | 107,574                 |
| Staffing for Adequate Fire and Emergency Response (SAFER)                                        | 97.083                                     | EMW-2020-FF-00012                   | 347,998                 |
| <i>PROGRAM TOTAL</i>                                                                             |                                            |                                     | <u>455,572</u>          |
| <b>Total Expenditures of Federal Awards</b>                                                      |                                            |                                     | <u>\$ 2,119,224</u>     |

The accompanying notes are an integral part of this schedule.

**TOWN OF GOFFSTOWN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town of Goffstown under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Goffstown, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Goffstown.

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

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

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

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

***APPENDIX***



# Town of Goffstown

TOWN OFFICES  
16 MAIN STREET • GOFFSTOWN, NH 03045

## CORRECTIVE ACTION PLAN December 31, 2022

### **Audit Finding Reference: 2022-001**

**Management's View:** On March 11, 2008, the legislative body voted per RSA 41:26-e to authorize the Select Board to appoint a Treasurer. Per NH Revised Statutes Annotated 41:29, the duties of an appointed or elected Treasurer are the same. The main duties include custody of all moneys belonging to the town, pay out of the same only upon specific order or other direction as stated by RSA, deposit processing of incoming funds, investment of any excess funds and accurate record keeping. All of these duties are not only outlined by RSA but are also more efficiently handled by the town's finance office, which is staffed by four full-time individuals. This not only allows for more hours of coverage to process and oversee these financial transactions, it also makes it possible to segregate duties and build in overlapping checks and balances for these important financial transactions. Critical financial functions, such as authorization, recording, and reconciliation are performed by different individuals to ensure that comprehensive oversight is achieved. It is our opinion that the ability of the Treasurer to remain independent is guaranteed by the comprehensive oversight that is built into the town's organizational structure. However, we agree that with the increased volume of transactions required by a growing town of our size, there is a need to reevaluate the organization structure and consider redistribution of currently overlapping roles.

### **Planned Corrective Action:**

The Town will review and reevaluate the organizational structure with the aim of redistributing currently overlapping roles within the finance office, while maintaining the efficiencies of having an appointed Treasurer on staff.

### **Name of Contact Person and Completion Date:**

#### **Danielle Basora**

Assistant Town Administrator/Finance Director/Treasurer  
603-497-8990 ext. 104  
[Danielle.Basora@GoffstownNH.gov](mailto:Danielle.Basora@GoffstownNH.gov)

#### **Derek Horne**

Town Administrator/Deputy Treasurer  
603-497-8990 ext. 101  
[Derek.Horne@GoffstownNH.gov](mailto:Derek.Horne@GoffstownNH.gov)

**Anticipated Completion Date:** April 30, 2024



# Town of Goffstown

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TOWN OFFICES  
16 MAIN STREET • GOFFSTOWN, NH 03045

## CORRECTIVE ACTION PLAN December 31, 2022

### **Audit Finding Reference: 2022-002**

**Management's View:** The governing body has continued to receive requests for waiver of the existing purchasing policy as the economy has outgrown the dollar amount thresholds set by the current policy. Additionally, the increase in documentation requirements have added significant administrative burden to departments, which negatively impacts operations and the Town's ability to act quickly when cost-savings opportunities arise.

### **Planned Corrective Action:**

The Town has been working on a comprehensive reevaluation and revision of the purchasing policy to better align with operational needs, Town goals, and regulatory requirements with a goal of ensuring effectiveness and adherence to established guidelines.

### **Name of Contact Person and Completion Date:**

#### **Danielle Basora**

Assistant Town Administrator/Finance Director/Treasurer  
603-497-8990 ext. 104  
[Danielle.Basora@GoffstownNH.gov](mailto:Danielle.Basora@GoffstownNH.gov)

#### **Derek Horne**

Town Administrator/Deputy Treasurer  
603-497-8990 ext. 101  
[Derek.Horne@GoffstownNH.gov](mailto:Derek.Horne@GoffstownNH.gov)

**Anticipated Completion Date:** April 30, 2024



# Town of Goffstown

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TOWN OFFICES  
16 MAIN STREET • GOFFSTOWN, NH 03045

## CORRECTIVE ACTION PLAN December 31, 2022

**Audit Finding Reference: 2022-003**

**Management's View:** The town agrees that we had not properly prepared formal policies to ensure that the suspension and debarment testing would be carried out and documented prior to entering into a covered transaction with an entity.

**Planned Corrective Action:**

The Town will develop and implement policies and procedures to formally verify and document the suspension and debarment process for all entities that we enter into transactions with when using Federal funds.

**Name of Contact Person and Completion Date:**

**Danielle Basora**

Assistant Town Administrator/Finance Director/Treasurer  
603-497-8990 ext. 104  
[Danielle.Basora@GoffstownNH.gov](mailto:Danielle.Basora@GoffstownNH.gov)

**Derek Horne**

Town Administrator/Deputy Treasurer  
603-497-8990 ext. 101  
[Derek.Horne@GoffstownNH.gov](mailto:Derek.Horne@GoffstownNH.gov)

**Anticipated Completion Date:** April 30, 2024