

GOFFSTOWN SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Goffstown School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Summary of Opinions

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

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Goffstown School District, as of June 30, 2022, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Goffstown School District as of June 30, 2022, the respective changes in financial position, and the respective budgetary comparisons for the general fund and the grants 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 (GAAS) 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 Goffstown School District 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.

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 1-O to the financial statements, management has not recorded the long-term costs of retirement healthcare costs and obligations for other postemployment benefits related to the single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities has not been determined.

Responsibilities of Management for the Financial Statements

The Goffstown School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Goffstown School District'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 GAAS 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.

In performing an audit in accordance with GAAS, 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 Goffstown School District'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 Goffstown School District'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-D to the financial statements, in the fiscal year 2022, the School District 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 School District's Proportionate Share of Net Pension Liability,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits, and
- Notes to the Required Supplementary Information.

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023 on our consideration of the Goffstown School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Goffstown School District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Goffstown School District's internal control over financial reporting and compliance.

January 23, 2023
Concord, New Hampshire



PLODZIK & SANDERSON
Professional Association

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Goffstown School District ("District"), we offer readers of the District's Financial Statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

1. Financial Highlights

- The assets and deferred outflow of resources of the District fell short of its liabilities and deferred inflows of resources at the close of the most recent year by \$(13,995,857) (*net position*). Of this amount, \$(28,497,564) (*unrestricted net position*), had it been positive, may have been used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted net position is attributable to the reporting of the District's proportional share of the actuarially determined retirement system's unfunded pension liability less the system's net position ("net pension liability"). Reporting the District's proportional share of the net pension liability does not impact the District's ability to meet its current obligations.
- The District's total net position changed by \$564,066. This was largely due to a combination of a decrease in the deferred outflow of resources, mostly related to pensions.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$5,285,069 a change of \$55,656 in comparison with the prior year (FY21 \$5,229,413).
- At the end of the current fiscal year, the District had \$2,814,718 remaining in unassigned fund balance. This money is *available for spending* at the District Town Meeting's discretion or for tax relief. In addition, \$865,000 has been assigned and retained for contingency in accordance with RSA 198:4-bII.
- Per GASB Statement Nos 68 and 71, the District is required to record its related share of net pension liability of the New Hampshire Retirement System. The net pension liability is the District's proportionate share of the retirement system's actuarially determined unfunded pension liability less the system's net position. This amount is reported only on the government-wide financial statements and has no impact on the fund financial statements of the District. At the end of the most recent year, our net pension liability is \$29,103,692.
- Per GASB Statement Number 75, the District's proportionate share of OPEB liability (Other Post-Employment Benefits) as it relates to the New Hampshire Retirement System was \$2,650,875 (See Note 12-A).

2. Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the items

reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

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

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

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

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

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* and Single Audit required documentation. Required supplementary information is required to be disclosed by accounting principles generally accepted in the United States of America which includes this management discussion and analysis, the Schedule of School District's Proportionate Share of Net Pension Liability, Schedule of School District

Contributions – Pensions, Schedule of the District’s Proportionate Share of the Net Other Postemployment Benefits Liability, Schedule of the District Contributions – Other Postemployment Benefits. Other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. This includes the combining and individual fund schedules.

3. Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government’s financial position. In the case of the District, assets and deferred outflows of resources fell short of liabilities and deferred inflows of resources by \$(13,995,857) at the close of the most recent fiscal year.

The largest portion of the District’s net position \$14,011,863 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment and furnishings), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Summary of Net Position
Governmental Activities

	2022	2021	% Change 2021-2022
Current and Other Assets	\$ 7,241,244	\$ 6,643,702	8.99%
Capital Assets	15,090,492	16,542,938	-8.78%
Total Assets	<u>22,331,736</u>	<u>23,186,640</u>	<u>-3.69%</u>
Deferred Outflows of Resources	<u>8,676,385</u>	<u>12,561,835</u>	<u>-30.93%</u>
Long-Term Liabilities Outstanding	34,383,136	48,370,132	-28.92%
Other Liabilities	1,900,780	1,440,025	32.00%
Total Liabilities	<u>36,283,916</u>	<u>49,810,157</u>	<u>-27.16%</u>
Deferred Inflows of Resources	<u>8,720,062</u>	<u>498,241</u>	<u>1650.17%</u>
Net Investment in Capital Assets	14,011,863	14,577,952	-3.88%
Restricted Net Position	489,844	180,853	170.85%
Unrestricted Net Position	<u>(28,497,564)</u>	<u>(29,318,728)</u>	<u>-2.80%</u>
Total Net Position	<u>\$ (13,995,857)</u>	<u>\$ (14,559,923)</u>	<u>-3.87%</u>

Summary of Changes in Net Position
Governmental Activities

	2022 Amount	2021 Amount	\$ Difference	% Difference
Revenues:				
Program Revenue:				
Charges for Services	\$ 7,616,380	\$ 7,681,165	\$ (64,785)	-0.84%
Operating Grants and Contributions	4,051,277	2,871,362	1,179,915	41.09%
Capital Grants and Contributions	262,446	266,946	(4,500)	-1.69%
General Revenue:				
School District Assessment	23,272,991	23,351,338	(78,347)	-0.34%
Unrestricted Grants	11,191,012	12,557,942	(1,366,930)	-10.88%
Miscellaneous & Interest	815,650	570,658	244,992	42.93%
Total Revenues	<u>47,209,756</u>	<u>47,299,411</u>	<u>(89,655)</u>	<u>-0.19%</u>
Expenses:				
Instruction	31,387,504	33,590,107	(2,202,603)	-6.56%
Support Services:				
Student	2,716,893	3,232,367	(515,474)	-15.95%
Instructional Staff	1,020,884	882,565	138,319	15.67%
General Administration	78,283	82,354	(4,071)	-4.94%
Executive Administration	1,807,062	2,092,913	(285,851)	-13.66%
School Administration	2,774,774	2,707,852	66,922	2.47%
Business	107	-	107	100.00%
Operation and Maintenance of Plant	3,752,049	3,679,861	72,188	1.96%
Student Transportation	1,826,722	1,504,861	321,861	21.39%
Other	4,774	4,698	76	1.62%
Noninstructional Services	1,276,638	971,712	304,926	31.38%
Interest on Long-Term Debt	-	18,113	(18,113)	-100.00%
Total Expenses	<u>46,645,690</u>	<u>48,767,403</u>	<u>(2,121,713)</u>	<u>-4.35%</u>
Change in Net Position	564,066	(1,467,992)	2,032,058	-138.42%
Net Position, beginning	(14,559,923)	(13,091,931)	(1,467,992)	11.21%
Net Position, ending	<u>\$ (13,995,857)</u>	<u>\$ (14,559,923)</u>	<u>\$ 564,066</u>	<u>-3.87%</u>

Governmental Activities. As noted above, governmental activities net position changed by \$564,066 (Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ (245,440)
Other Governmental Funds	<u>301,096</u>
Total governmental activities	<u>55,656</u>
Depreciation expense, net of capital asset additions and disposals	(1,452,446)
Changes in long-term debt	886,357
Change in compensated absences	(321,440)
Change in net pension liability, net of deferred resources	1,217,358
Change in OPEB, net of deferred resources	160,821
Other GAAP accruals	<u>17,760</u>
Total net change	<u>\$ 564,066</u>

4. Financial Analysis of the Government's Funds

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

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

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$5,285,069 a change of \$55,656 in comparison with the prior year (FY21 \$5,229,413).

Key elements of this change are as follows:

Governmental Funds:	
General Fund	\$(245,440)
Other Governmental Funds:	
Food Service Fund	314,312
Capital Project Fund	(609)
Permanent Fund	(5,321)
Student Activity Funds	<u>(7,286)</u>
Total	<u>\$ 55,656</u>

5. General Fund Budgetary Highlights

The general fund is what most people think of as “the budget” since it is the fiscal point of the First Session of Annual Meeting (Deliberative) and largely supported by locally raised taxes. The general fund ended the fiscal year with an unassigned fund balance of \$3,679,718 of which \$2,814,718 will be returned to the taxpayers in 2022-2023 and \$865,000 will be retained in accordance with RSA 198:4-bII.

Comments on General Fund Budget Comparisons (See Exhibit D-1)

- General fund total actual revenues totaling \$43,315,402 exceeded budgeted revenues by \$715,277 or 1.7%
 - **Local sources** totaling \$8,087,149 exceeded budget by \$585,734 due to a combination of over collection of tuition revenue and an under estimation of local revenue sources.
 - **State sources** totaling \$11,923,327 exceeded budget by \$147,608 and is attributed to state special education aid revenues being higher than anticipated.
 - **Federal sources** totaling \$31,935 was lower than the estimated revenue budget by \$(18,065) due to a decrease in Medicaid reimbursement.
- General fund appropriations, expenditures, other financing uses and encumbrances totaling \$43,443,855 were less than the appropriation of \$45,935,526. This underspend of the appropriation, coupled with encumbrances, left a positive variance of \$2,491,671. Overall, the continued impact of COVID-19 was the predominant factor in the underspend of the FY 22 budget.
 - **Instruction** totaling \$29,037,139 was below the budgeted appropriation of \$30,505,684 by \$1,468,545 due largely from the continued impact of COVID 19, coupled with lower than expected salary and associated benefit costs, as a result of staff turnover and unfilled positions.
 - **Student Transportation costs** totaling \$1,824,525 was below budget by \$662,985. This was a result of savings from fewer bus routes due to driver shortages, and far fewer athletic and co-curricular transports. Special Education transportation was impacted by reduced in-person instruction for the extended school year program, as well as a substantially reduced amount of funds spent on transportation to out of district placement facilities.
 - **School Administration** totaling \$2,815,780 was below budget by \$207,587. This was a result of staffing and health insurance changes.

6. Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$15,090,492 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, machinery and equipment, and furnishings. The total change in the District’s investment in total capital assets for the current year was \$(1,452,446) as evidenced below:

Capital Assets at Year End
Governmental Activities

	June 30, 2022	June 30, 2021	% Change 2021-2022
Land	\$ 3,010,440	\$ 3,010,440	0.00%
Buildings & Building Improvements	39,570,739	39,570,739	0.00%
Machinery, Equipment & Furnishings	4,065,521	3,956,666	2.75%
Less: Accumulated Depreciation	<u>(31,556,208)</u>	<u>(29,994,907)</u>	<u>5.21%</u>
Total	<u>\$ 15,090,492</u>	<u>\$ 16,542,938</u>	<u>-8.78%</u>

Machinery and Equipment Additions:

Server	\$ 37,582
2022 Ford F250 Superduty	44,554
Vaporizer	29,062
Manitowoc Bin with Ice Dispenser and Ice Maker	8,160
Load Trailer	<u>10,700</u>
Total machinery and equipment additions	<u>130,058</u>

Capital Asset Disposals:

Air conditioning units	(7,395)
Desks	<u>(13,808)</u>
Total capital asset disposals	<u>(21,203)</u>

Depreciation Expense

(1,561,301)

Total change in capital assets

\$ (1,452,446)

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

Long-Term Debt

The table below illustrates the long-term debt of the District as of June 30, 2022. The District has long-term lease payables as noted in Note 9. The compensated balances were calculated on vacation days and retirement stipend days for all eligible employees for compensation at retirement.

Long-Term Debt Outstanding at Year End
Governmental Activities

	June 30, 2022	June 30, 2021	% Change 2021-2022
Bond Payable - Direct Placement	\$ -	\$ 555,000	-100.00%
Note Payable - Direct Borrowing	1,078,629	1,409,986	-23.50%
Compensated Absences	1,549,940	1,228,500	26.17%
Pension Related Liability	29,103,692	42,254,475	-31.12%
Other Postemployment Benefits Payable	2,650,875	2,922,171	-9.28%
Total	<u>\$ 34,383,136</u>	<u>\$ 48,370,132</u>	<u>-28.92%</u>

Future Budgetary Implications

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

- The impacts of inflation on school operations will greatly impact future budgets. Inflation has impacted a wide range of costs such as: employee compensation and benefits, utilities, maintenance, and repairs and supplies.
- Estimating revenues and expenditures for the Grants Fund remains challenging. The District anticipates additional funding from ESSER II and ESSER III grants through FY 24-25.
- The continued financial impact of COVID -19 remains a challenge in terms of expenses and revenues. State adequacy grants are based on student attendance, free and reduced meal counts and a variety of other factors that were directly impacted by the pandemic.
- The continued bus driver shortage has led to savings in the student transportation line due to fewer bus routes. This has impacted students in terms of longer bus routes and longer walking times to bus stops.
- The State shifting cost responsibilities to local governments may have an impact on taxation calculation.
- The unassigned Fund Balance established in this audit is intended to be returned at tax rate setting in November.
- Future budgets will continue to be developed based on actual expenditures in prior years, in particular reviewing salary and benefits. Additionally, a more accurate approach to revenues is being implemented focusing on funding derived from tuitions and other local sources.

7. Request for Information

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

BASIC FINANCIAL STATEMENTS

EXHIBIT A
GOFFSTOWN SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,607,757
Other receivables	22,441
Intergovernmental receivable	1,505,895
Inventory	22,698
Prepaid items	82,453
Capital assets, not being depreciated	3,010,440
Capital assets, net of accumulated depreciation	12,080,052
Total assets	22,331,736
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	8,388,306
Amounts related to other postemployment benefits	288,079
Total deferred outflows of resources	8,676,385
LIABILITIES	
Accounts payable	620,001
Accrued salaries and benefits	97,247
Intergovernmental payable	1,147,074
Contracts payable	14,737
Accrued interest payable	21,721
Noncurrent obligations:	
Due within one year	170,385
Due in more than one year	34,212,751
Total liabilities	36,283,916
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants and donations	77,116
Amounts related to pensions	8,609,072
Amounts related to other postemployment benefits	33,874
Total deferred inflows of resources	8,720,062
NET POSITION	
Net investment in capital assets	14,011,863
Restricted	489,844
Unrestricted	(28,497,564)
Total net position	\$(13,995,857)

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

EXHIBIT B
GOFFSTOWN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 31,387,504	\$ 7,499,628	\$ 2,236,704	\$ -	\$ (21,651,172)
Support services:					
Student	2,716,893	-	41,913	-	(2,674,980)
Instructional staff	1,020,884	-	258,597	-	(762,287)
General administration	78,283	-	-	-	(78,283)
Executive administration	1,807,062	-	-	-	(1,807,062)
School administration	2,774,774	-	-	-	(2,774,774)
Business	107	-	107	-	-
Operation and maintenance of plant	3,752,049	-	-	262,446	(3,489,603)
Student transportation	1,826,722	-	32,879	-	(1,793,843)
Other	4,774	-	-	-	(4,774)
Noninstructional services	1,276,638	116,752	1,481,077	-	321,191
Total governmental activities	<u>\$ 46,645,690</u>	<u>\$ 7,616,380</u>	<u>\$ 4,051,277</u>	<u>\$ 262,446</u>	<u>(34,715,587)</u>
General revenues and contributions:					
School district assessment					23,272,991
Grants and contributions not restricted to specific programs					11,191,012
Interest					11,372
Miscellaneous					804,278
Total general revenues and contributions					<u>35,279,653</u>
Change in net position					564,066
Net position, beginning					(14,559,923)
Net position, ending					<u>\$ (13,995,857)</u>

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

EXHIBIT C-1
GOFFSTOWN SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2022

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,262,152	\$ -	\$ 345,605	\$ 5,607,757
Receivables:				
Accounts	22,441	-	-	22,441
Intergovernmental	319,647	756,417	429,831	1,505,895
Interfund receivables	448,590	-	-	448,590
Inventory	22,698	-	-	22,698
Prepaid items	82,453	-	-	82,453
Total assets	<u>\$ 6,157,981</u>	<u>\$ 756,417</u>	<u>\$ 775,436</u>	<u>\$ 7,689,834</u>
LIABILITIES				
Accounts payable	\$ 278,305	\$ 280,550	\$ 61,146	\$ 620,001
Accrued salaries and benefits	87,221	8,805	1,221	97,247
Intergovernmental payable	1,145,472	1,602	-	1,147,074
Contracts payable	-	14,737	-	14,737
Interfund payable	-	448,590	-	448,590
Total liabilities	<u>1,510,998</u>	<u>754,284</u>	<u>62,367</u>	<u>2,327,649</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants and donations	<u>18,100</u>	<u>2,133</u>	<u>56,883</u>	<u>77,116</u>
FUND BALANCES (DEFICIT)				
Nonspendable	105,151	-	35,722	140,873
Restricted	-	-	454,122	454,122
Committed	484,036	-	-	484,036
Assigned	1,224,978	-	166,951	1,391,929
Unassigned (deficit)	2,814,718	-	(609)	2,814,109
Total fund balances	<u>4,628,883</u>	<u>-</u>	<u>656,186</u>	<u>5,285,069</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,157,981</u>	<u>\$ 756,417</u>	<u>\$ 775,436</u>	<u>\$ 7,689,834</u>

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

EXHIBIT C-2
GOFFSTOWN SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances of governmental funds (Exhibit C-1)		\$ 5,285,069
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 46,646,700	
Less accumulated depreciation	<u>(31,556,208)</u>	15,090,492
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 8,388,306	
Deferred inflows of resources related to pensions	(8,609,072)	
Deferred outflows of resources related to OPEB	288,079	
Deferred inflows of resources related to OPEB	<u>(33,874)</u>	33,439
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (448,590)	
Payables	<u>448,590</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(21,721)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Note	\$ 1,078,629	
Compensated absences	1,549,940	
Net pension liability	29,103,692	
Other postemployment benefits	<u>2,650,875</u>	(34,383,136)
Net position of governmental activities (Exhibit A)		<u><u>\$ (13,995,857)</u></u>

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

EXHIBIT C-3
GOFFSTOWN SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	\$23,272,991	\$ -	\$ -	\$23,272,991
Other local	8,107,403	4,348	324,627	8,436,378
State	11,923,327	91,574	12,375	12,027,276
Federal	31,935	1,972,474	1,468,702	3,473,111
Total revenues	<u>43,335,656</u>	<u>2,068,396</u>	<u>1,805,704</u>	<u>47,209,756</u>
EXPENDITURES				
Current:				
Instruction	28,994,121	1,765,582	219,880	30,979,583
Support services:				
Student	2,866,595	41,913	-	2,908,508
Instructional staff	795,095	258,597	-	1,053,692
General administration	78,283	-	-	78,283
Executive administration	1,807,062	-	-	1,807,062
School administration	2,821,045	-	-	2,821,045
Business	-	107	-	107
Operation and maintenance of plant	3,660,018	-	163,236	3,823,254
Student transportation	1,824,525	2,197	-	1,826,722
Other	4,774	-	-	4,774
Noninstructional services	-	-	1,283,582	1,283,582
Debt service:				
Principal	555,000	-	-	555,000
Interest	12,488	-	-	12,488
Total expenditures	<u>43,419,006</u>	<u>2,068,396</u>	<u>1,666,698</u>	<u>47,154,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,350)</u>	<u>-</u>	<u>139,006</u>	<u>55,656</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	162,090	162,090
Transfers out	(162,090)	-	-	(162,090)
Total other financing sources (uses)	<u>(162,090)</u>	<u>-</u>	<u>162,090</u>	<u>-</u>
Net change in fund balances	(245,440)	-	301,096	55,656
Fund balances, beginning	4,874,323	-	355,090	5,229,413
Fund balances, ending	<u>\$ 4,628,883</u>	<u>\$ -</u>	<u>\$ 656,186</u>	<u>\$ 5,285,069</u>

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

EXHIBIT C-4
GOFFSTOWN SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 55,656
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 130,058	
Depreciation expense	<u>(1,582,504)</u>	(1,452,446)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (162,090)	
Transfers out	<u>162,090</u>	-
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayment of bond	\$ 555,000	
Principal repayment of note	<u>331,357</u>	886,357
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 19,610	
Increase in compensated absences payable	(321,440)	
Amortization of bond refunding charges	(1,850)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	1,217,358	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>160,821</u>	<u>1,074,499</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 564,066</u></u>

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

EXHIBIT D-1
GOFFSTOWN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
School district assessment	\$ 23,272,991	\$ 23,272,991	\$ 23,272,991	\$ -
Other local	7,060,000	7,501,415	8,087,149	585,734
State	11,775,719	11,775,719	11,923,327	147,608
Federal	50,000	50,000	31,935	(18,065)
Total revenues	<u>42,158,710</u>	<u>42,600,125</u>	<u>43,315,402</u>	<u>715,277</u>
EXPENDITURES				
Current:				
Instruction	30,335,299	30,505,684	29,037,139	1,468,545
Support services:				
Student	2,928,923	2,845,396	2,866,595	(21,199)
Instructional staff	922,343	922,343	798,686	123,657
General administration	96,924	96,924	78,283	18,641
Executive administration	1,807,062	1,807,062	1,807,062	-
School administration	2,986,810	3,023,367	2,815,780	207,587
Operation and maintenance of plant	3,301,156	3,668,505	3,643,018	25,487
Student transportation	2,536,859	2,487,510	1,824,525	662,985
Other	11,240	11,240	5,729	5,511
Debt service:				
Principal	555,000	555,000	555,000	-
Interest	12,488	12,488	12,488	-
Facilities acquisition and construction	7	7	(450)	457
Total expenditures	<u>45,494,111</u>	<u>45,935,526</u>	<u>43,443,855</u>	<u>2,491,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,335,401)</u>	<u>(3,335,401)</u>	<u>(128,453)</u>	<u>3,206,948</u>
OTHER FINANCING USES				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,065)</u>	<u>(65)</u>
Net change in fund balance	<u>\$ (3,535,401)</u>	<u>\$ (3,535,401)</u>	<u>(328,518)</u>	<u>\$ 3,206,883</u>
Increase in nonspendable fund balance			7,834	
Increase in assigned (non-encumbrance) fund balance			(200,000)	
Unassigned fund balance, beginning			<u>3,335,402</u>	
Unassigned fund balance, ending			<u>\$ 2,814,718</u>	

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

EXHIBIT D-2
GOFFSTOWN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Other local	\$ -	\$ 4,348	\$ 4,348	\$ -
State	-	91,574	91,574	-
Federal	1,000,000	1,972,474	1,972,474	-
Total revenues	<u>1,000,000</u>	<u>2,068,396</u>	<u>2,068,396</u>	<u>-</u>
EXPENDITURES				
Current:				
Instruction	800,000	1,765,582	1,765,582	-
Support services:				
Student	-	41,913	41,913	-
Instructional staff	200,000	258,597	258,597	-
Business	-	107	107	-
Student transportation	-	2,197	2,197	-
Total expenditures	<u>1,000,000</u>	<u>2,068,396</u>	<u>2,068,396</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ -</u>	

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

GOFFSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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GOFFSTOWN SCHOOL DISTRICT
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AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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GOFFSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A Reporting Entity

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

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

1-B Government-wide and Fund Financial Statements

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of the fund financial statements.

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

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

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

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments,

GOFFSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

The School District reports the following major governmental funds:

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

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

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

1-D Cash and Cash Equivalents

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

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

1-E Receivables

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

1-F Inventory

Inventories are valued at cost (first-in, first-out) which approximates market. The School District’s inventories include propane and heating oil. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method). The inventory balance at year-end is a part of nonspendable fund balance at the governmental fund level to indicate the portion of the governmental fund balance that is nonspendable.

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used. The prepaid balance at year-end is a part of nonspendable fund balance at the governmental fund level to indicate the portion of the governmental fund balance that is nonspendable.

GOFFSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

1-H Capital Assets

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

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

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

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

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

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

1-I Interfund Activities

Interfund activities are reported as follows:

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

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

1-J Accounts Payable

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

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The School District has three 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 revenue from grants and donations arises when the related eligible expenditures will not be made until a subsequent period.

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1-L Long-term Obligations

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

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

Direct Borrowing – financial transaction for a note where the School District negotiates certain terms with a single lender and is not offered for public sale.

Direct Placement – financial transaction for the sale of a bond where the School District engages with a single buyer without a public offering.

1-M Compensated Absences

General leave for the School District includes retirement stipend pay, which 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 School District'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 financial resources are maintained separately and represent a reconciling item between the governmental funds and government-wide presentations.

1-N Defined Benefit Pension Plan

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

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

1-O Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

GOFFSTOWN SCHOOL DISTRICT
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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, reduced by the outstanding balances of the bond and note attributable to the acquisition, construction, or improvement of those assets.

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

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 the nature and extent of constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

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

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

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

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

In accordance with RSA 198:4-bII, *Contingency Fund*, the School District voted to retain general fund unassigned fund balance of \$865,000, to be used for emergency expenditures, or to use as a revenue source to reduce the tax rate.

1-Q Use of Estimates

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

GOFFSTOWN SCHOOL DISTRICT
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NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District’s operations. At its annual meeting, the School District adopts a budget for the current year for the major general and grants funds, as well as the nonmajor food service fund. However, the School Board has voted and accepted the federal grants awarded to the School District through the year, so these amounts are reported as a final budget for the grants fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In fiscal year 2022, \$3,335,401 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$200,000 was appropriated to fund the School District’s capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

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

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 43,315,402
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	858
To recognize other local revenue of the blended funds	19,396
Per Exhibit C-3 (GAAP Basis)	<u>\$ 43,335,656</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 43,643,920
Adjustments:	
Basis differences:	
Encumbrances, beginning	307,282
Encumbrances, ending	(345,587)
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust fund	(200,000)
To recognize other regular program expenditures of the blended funds	13,456
To recognize transfer from the blended expendable trust to other funds	162,025
Per Exhibit C-3 (GAAP basis)	<u>\$ 43,581,096</u>

GOFFSTOWN SCHOOL DISTRICT
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2-C Deficit Fund Balance

The nonmajor capital projects fund had a fund balance deficit of \$609 at June 30, 2022. This deficit is a result of expenditures for which reimbursement from the expendable trust funds has not yet been requested. The School District plans to request a transfer from the expendable trust funds to cover this deficit in 2022-23.

2-D 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 informational 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. As a result of the implementation of this Statement, the prior year capital leases payable were reclassified as notes payable. However, there was no restatement required to the beginning net position or fund balance.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$5,607,757 and the bank balances totaled \$5,846,408. Petty cash totaled \$500.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022 consisted of accounts and intergovernmental amounts arising from grants, the school lunch program, expendable trust funds held by the Town of Goffstown Trustees of Trust Funds for the School District, and other miscellaneous amounts. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 3,010,440	\$ -	\$ -	\$ 3,010,440
Being depreciated:				
Buildings and building improvements	39,570,739	-	-	39,570,739
Machinery, equipment, and furnishings	3,956,666	130,058	(21,203)	4,065,521
Total capital assets being depreciated	<u>43,527,405</u>	<u>130,058</u>	<u>(21,203)</u>	<u>43,636,260</u>
Total capital assets	<u>46,537,845</u>	<u>130,058</u>	<u>(21,203)</u>	<u>46,646,700</u>

(Continued)

GOFFSTOWN SCHOOL DISTRICT
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Capital assets continued:

	Balance, beginning	Additions	Retirements	Balance, ending
Less accumulated depreciation:				
Buildings and building improvements	(28,048,100)	(1,326,918)	-	(29,375,018)
Machinery, equipment, and furnishings	(1,946,807)	(255,586)	21,203	(2,181,190)
Total accumulated depreciation	<u>(29,994,907)</u>	<u>(1,582,504)</u>	<u>21,203</u>	<u>(31,556,208)</u>
Net book value, capital assets being depreciated	13,532,498	(1,452,446)	-	12,080,052
Net book value, all capital assets	<u>\$ 16,542,938</u>	<u>\$ (1,452,446)</u>	<u>\$ -</u>	<u>\$ 15,090,492</u>

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

Instruction	\$ 1,281,386
Support services:	
Operation and maintenance of plant	296,824
Noninstructional services	4,294
Total depreciation expense	<u>\$ 1,582,504</u>

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

The balance of \$448,590 due to the general fund from the grants fund results from grant expenditures made in anticipation of grant reimbursement.

The interfund transfer in the amount of \$162,090 during the year ended June 30, 2022 was made from the general fund to the nonmajor funds.

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

NOTE 7 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$1,147,074 at June 30, 2022, consist of the following:

	Governmental Funds
Balance due to the New Hampshire Retirement System	\$ 998,122
Balance due to Bedford School District	74,041
Balance due to Manchester School District	53,587
Balance due to the Town of Goffstown	19,722
Balance due to School Administrative Unit No. 19	1,602
Total intergovernmental payables due	<u>\$ 1,147,074</u>

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2022, consist of amounts related to pensions totaling \$8,388,306 and amounts related to OPEB totaling \$288,079. For further discussion on these amounts, see Notes 10 and 12, respectively.

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Deferred inflows of resources at June 30, 2022, consist of the following:

	Governmental		Governmental Funds		Total
	Activities	General	Grants	Nonmajor	
Grant and donation revenue collected in advance of eligible expenditures being made	\$ 77,116	\$ 18,100	\$ 2,133	\$ 56,883	\$ 77,116
Amounts related to pensions, see Note 10	8,609,072	-	-	-	-
Amounts related to OPEB, see Note 12	33,874	-	-	-	-
Total deferred inflows of resources	<u>\$8,720,062</u>	<u>\$ 18,100</u>	<u>\$ 2,133</u>	<u>\$ 56,883</u>	<u>\$ 77,116</u>

NOTE 9 – LONG-TERM LIABILITIES

Changes in the School District’s long-term liabilities consisted of the following for the year ended June 30, 2022:

	Balance			Balance June 30, 2022	Due Within One Year	Due In More Than One Year
	July 1, 2021	Additions	Reductions			
Direct placement - Bond payable	\$ 555,000	\$ -	\$ (555,000)	\$ -	\$ -	\$ -
Direct borrowing - Note payable	1,409,986	-	(331,357)	1,078,629	144,651	933,978
Total bond/note payable	1,964,986	-	(886,357)	1,078,629	144,651	933,978
Compensated absences	1,228,500	389,272	(67,832)	1,549,940	25,734	1,524,206
Pension related liability	42,254,475	-	(13,150,783)	29,103,692	-	29,103,692
Net other postemployment benefits	2,922,171	-	(271,296)	2,650,875	-	2,650,875
Total long-term liabilities	<u>\$48,370,132</u>	<u>\$ 389,272</u>	<u>\$ (14,376,268)</u>	<u>\$ 34,383,136</u>	<u>\$ 170,385</u>	<u>\$ 34,212,751</u>

The long-term note is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2022
Direct borrowing - Note payable Energy conservation	\$ 2,132,500	2015	2029	2.10%	<u>\$ 1,078,629</u>

The annual requirements to amortize the general obligation note outstanding as of June 30, 2022, including interest payments, are as follows:

Fiscal Year Ending June 30,	Note - Direct Borrowing		
	Principal	Interest	Total
2023	\$ 144,651	\$ 22,651	\$ 167,302
2024	147,689	19,614	167,303
2025	150,790	16,512	167,302
2026	153,957	13,345	167,302
2027	157,190	10,112	167,302
2028-2029	324,352	10,253	334,605
Totals	<u>\$ 1,078,629</u>	<u>\$ 92,487</u>	<u>\$ 1,171,116</u>

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

NOTE 10 – 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.

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Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – 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 January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (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 January 1, 2012 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:

Years of Creditable Service as of January 1, 2012	Minimum Age	Minimum Service	Benefit Multiplier
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 School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2022, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$3,843,890, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the School District reported a liability of \$29,103,692 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School District’s proportion of the net pension liability was based on a projection of the School District’s long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the School District’s proportion was 0.66%, which was the same as its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of \$2,695,609. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 621,351	\$ 164,741
Net difference between projected and actual investment earnings on pension plan investments	-	8,139,636
Changes in assumptions	3,039,717	-
Differences between expected and actual experience	814,946	304,695
Contributions subsequent to the measurement date	3,912,292	-
Total	<u>\$ 8,388,306</u>	<u>\$ 8,609,072</u>

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The \$3,912,292 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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 June 30,	
2022	\$ (242,088)
2023	(476,667)
2024	(730,710)
2025	(2,683,593)
2026	-
Thereafter	-
Totals	<u>\$ (4,133,058)</u>

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2020, rolled forward to June 30, 2021, using the following assumptions:

Inflation:	2.0% per year
Wage inflation	2.75% per year (2.25% for Teachers)
Salary increases:	5.6% average, including inflation
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy 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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – 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 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	<u>30.00%</u>	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	<u>20.00%</u>	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	6.60%
Total	<u>100.00%</u>	

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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 funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	<u>\$41,621,610</u>	<u>\$ 29,103,692</u>	<u>\$18,661,706</u>

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 11 – SUPPLEMENTAL RETIREMENT PLANS

All employees employed by the School District are eligible to participate in a defined contribution pension plan administered by TSA. Participation can begin immediately upon employment. The School District has no requirement or obligation under State Statutes to contribute to this plan, however the School District has adopted the Supplemental Retirement Plan 457 and 403(b) for its employees. The School Board has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The School District contributes varying percentages (based on position) of each employee’s salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022, were \$17,100 from the School District, and \$598,048 from the employees.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at 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.

GOFFSTOWN SCHOOL DISTRICT
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Maximum medical subsidy rates paid during fiscal year 2021 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 2021, 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 School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$356,487, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the School District reported a liability of \$2,650,875 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the School District’s proportion was 0.66%, which was a decrease of 0.01% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$127,258. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 207
Net difference between projected and actual investment earnings on OPEB plan investments	-	33,114
Differences between expected and actual experience	-	553
Contributions subsequent to the measurement date	288,079	-
Total	\$ 288,079	\$ 33,874

The \$288,079 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2022	\$ (8,334)
2023	(6,958)
2024	(7,799)
2025	(10,783)
2026	-
Thereafter	-
Totals	\$ (33,874)

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Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2020 and a measurement date of June 30, 2021. 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% per year (2.25% for Teachers)
Salary increases:	5.6% 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 Healthy 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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – 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. Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	<u>30.00%</u>	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	<u>20.00%</u>	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	6.60%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021, 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 School District's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the School District's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	<u>\$ 2,881,710</u>	<u>\$ 2,650,875</u>	<u>\$ 2,450,035</u>

GOFFSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate – GASB Statement No. 75 requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change in the healthcare cost trend assumption.

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

12-B Retiree Health Benefit Program

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

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires State and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The School District has not fully implemented GASB Statement No. 75 at June 30, 2022 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the School District. The amounts that should be recorded as the net OPEB liability and the OPEB expense are unknown.

NOTE 13 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2022, are as follows:

Current:	
Instruction:	
Regular programs	\$ 154,464
Other programs	2,935
Total instruction	157,399
Support services:	
Instructional staff	3,591
Operation and maintenance of plant	183,642
Other	955
Total support services	188,188
Total encumbrances	\$ 345,587

NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2022, includes the following:

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 15,090,492
Less:	
General obligation note payable	(1,078,629)
Total net investment in capital assets	14,011,863

(Continued)

GOFFSTOWN SCHOOL DISTRICT
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Governmental activities net position continued:

	Governmental Activities
Restricted net position:	
Food service	449,637
Permanent fund - principal balance	35,722
Permanent fund - interest balance	4,485
Total restricted net position	489,844
Unrestricted	(28,497,564)
Total net position	\$(13,995,857)

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2022, consist of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	\$ 22,698	\$ -	\$ 22,698
Permanent fund - principal balance	-	35,722	35,722
Prepaid items	82,453	-	82,453
Total nonspendable fund balance	105,151	35,722	140,873
Restricted:			
Food service	-	449,637	449,637
Permanent fund - income balance	-	4,485	4,485
Total restricted fund balance	-	454,122	454,122
Committed:			
Expendable trust	284,036	-	284,036
Voted appropriation - March 2022	200,000	-	200,000
Total committed fund balance	484,036	-	484,036
Assigned:			
Encumbrances	345,587	-	345,587
Retained (RSA 198:4-bII)	865,000	-	865,000
Student activity funds	14,391	166,951	181,342
Total assigned fund balance	1,224,978	166,951	1,391,929
Unassigned (Deficit)	2,814,718	(609)	2,814,109
Total governmental fund balances	\$ 4,628,883	\$ 656,186	\$ 5,285,069

NOTE 16 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2022, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs. The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2021, to June 30, 2022 by Primex³, 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 School District's property schedule on file with Primex³. 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 Primex³ 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 2021-22, the School District paid \$156,193 and \$110,927 to Primex³ for Workers' Compensation and Property/Liability, respectively. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

GOFFSTOWN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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

NOTE 17 – CONTINGENT LIABILITIES

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

NOTE 18 – COVID-19

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES Act) in response to the economic downfall caused by the COVID-19 pandemic. This Act provided funding through the Coronavirus Relief Fund (CRF) as well as the Education Stabilization Fund (ESF). On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The ESF provided funds to the School District through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School District under the ESSER I, II, and III grants, with the School District expending \$895,510 of this funding in fiscal year 2022, used for activities to prevent, prepare for, and respond to the coronavirus.

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

NOTE 19 – 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 January 23, 2023, the date the June 30, 2022, financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E
GOFFSTOWN SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's: Proportion of the net pension liability	0.59%	0.59%	0.59%	0.60%	0.60%	0.65%	0.65%	0.66%	0.66%
Proportionate share of the net pension liability	\$ 25,549,777	\$ 22,151,628	\$ 23,179,316	\$ 31,873,638	\$ 29,362,259	\$ 31,132,323	\$ 31,713,527	\$ 42,254,475	\$ 29,103,692
Covered payroll (as of the measurement date)	\$ 15,809,239	\$ 16,237,185	\$ 16,658,424	\$ 17,143,764	\$ 17,486,216	\$ 18,054,762	\$ 19,111,577	\$ 19,111,577	\$ 19,655,418
Proportionate share of the net pension liability as a percentage of its covered payroll	161.61%	136.43%	139.14%	185.92%	167.92%	172.43%	165.94%	221.09%	148.07%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%

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

EXHIBIT F
GOFFSTOWN SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 1,476,153	\$ 1,914,569	\$ 1,962,978	\$ 2,146,324	\$ 2,187,207	\$ 2,732,661	\$ 2,868,274	\$ 3,016,305	\$ 3,912,291
Contributions in relation to the contractually required contributions	(1,476,153)	(1,914,569)	(1,962,978)	(2,146,324)	(2,187,207)	(2,732,661)	(2,868,274)	(3,016,305)	(3,912,291)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$15,809,239	\$16,237,185	\$16,658,424	\$17,143,764	\$17,486,216	\$18,054,762	\$19,111,577	\$19,655,418	\$20,886,511
Contributions as a percentage of covered payroll	9.34%	11.79%	11.78%	12.52%	12.51%	15.14%	15.01%	15.35%	18.73%

GOFFSTOWN SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

***Schedule of the School District's Proportionate Share of Net Pension Liability and
Schedule of School District Contributions – Pensions***

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

Changes in Assumptions – There were no changes in assumptions for 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.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 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 G
GOFFSTOWN SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's proportion of the net OPEB liability	0.78%	0.78%	0.61%	0.62%	0.67%	0.66%
School District's proportionate share of the net OPEB liability (asset)	\$ 3,780,181	\$ 3,571,882	\$ 2,796,139	\$ 2,723,453	\$ 2,922,171	\$ 2,650,875
School District's covered payroll (as of the measurement date)	\$ 17,143,764	\$ 17,486,216	\$ 18,054,762	\$ 19,111,577	\$ 19,111,577	\$ 19,655,418
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	22.05%	20.43%	15.49%	14.25%	15.29%	13.49%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

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

EXHIBIT H
GOFFSTOWN SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 453,727	\$ 463,014	\$ 270,138	\$ 283,495	\$ 318,108	\$ 288,721
Contributions in relation to the contractually required contribution	(453,727)	(453,727)	(453,727)	(453,727)	(453,727)	(453,727)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 9,287</u>	<u>\$ (183,589)</u>	<u>\$ (170,232)</u>	<u>\$ (135,619)</u>	<u>\$ (165,006)</u>
School District's covered payroll (as of the fiscal year)	<u>\$ 17,143,764</u>	<u>\$ 17,486,216</u>	<u>\$ 18,054,762</u>	<u>\$ 19,111,577</u>	<u>\$ 19,655,418</u>	<u>\$ 20,886,511</u>
Contributions as a percentage of covered payroll	2.65%	2.65%	1.50%	1.48%	1.62%	1.38%

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

GOFFSTOWN SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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

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

Changes in Assumptions – There were no changes in assumptions for 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.

As required by GASB Statement No. 75, Exhibits G and H represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 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.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
GOFFSTOWN SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 23,272,991	\$ 23,272,991	\$ -
Other local sources:			
Tuition	7,000,000	7,499,628	499,628
Investment earnings	5,000	9,750	4,750
Miscellaneous	496,415	577,771	81,356
Total from other local sources	<u>7,501,415</u>	<u>8,087,149</u>	<u>585,734</u>
State sources:			
Adequacy aid (grant)	7,826,722	7,826,736	14
Adequacy aid (tax)	3,364,276	3,364,276	-
School building aid	262,446	262,446	-
Catastrophic aid	300,000	417,536	117,536
Vocational aid	22,275	30,682	8,407
Other state aid	-	21,651	21,651
Total from state sources	<u>11,775,719</u>	<u>11,923,327</u>	<u>147,608</u>
Federal sources:			
Medicaid	50,000	31,935	(18,065)
Total revenues and other financing sources	42,600,125	<u>\$ 43,315,402</u>	<u>\$ 715,277</u>
Use of fund balance to reduce school district assessment	3,335,401		
Use of fund balance - appropriated	200,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 46,135,526</u>		

SCHEDULE 2
GOFFSTOWN SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 88,505	\$ 19,076,769	\$ 18,587,325	\$ 154,464	\$ 423,485
Special programs	-	10,287,251	9,336,818	-	950,433
Vocational programs	-	168,000	131,662	-	36,338
Other programs	12,420	877,993	854,008	2,935	33,470
Adult and continuing education programs	-	90,671	65,852	-	24,819
Community service programs	-	5,000	5,000	-	-
Total instruction	<u>100,925</u>	<u>30,505,684</u>	<u>28,980,665</u>	<u>157,399</u>	<u>1,468,545</u>
Support services:					
Student	-	2,845,396	2,866,595	-	(21,199)
Instructional staff	-	922,343	795,095	3,591	123,657
General administration	-	96,924	78,283	-	18,641
Executive administration	-	1,807,062	1,807,062	-	-
School administration	5,265	3,023,367	2,821,045	-	207,587
Operation and maintenance of plant	200,642	3,668,505	3,660,018	183,642	25,487
Student transportation	-	2,487,510	1,824,525	-	662,985
Other	-	11,240	4,774	955	5,511
Total support services	<u>205,907</u>	<u>14,862,347</u>	<u>13,857,397</u>	<u>188,188</u>	<u>1,022,669</u>
Debt service:					
Principal of long-term debt	-	555,000	555,000	-	-
Interest on long-term debt	-	12,488	12,488	-	-
Total debt service	<u>-</u>	<u>567,488</u>	<u>567,488</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction	450	7	-	-	457
Other financing uses:					
Transfers out	-	200,000	200,065	-	(65)
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 307,282</u>	<u>\$ 46,135,526</u>	<u>\$ 43,605,615</u>	<u>\$ 345,587</u>	<u>\$2,491,606</u>

SCHEDULE 3
GOFFSTOWN SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

Unassigned fund balance, beginning		\$3,335,402
Changes:		
Unassigned fund balance used to reduce school district assessment		(3,335,401)
Unassigned fund balance appropriated for use in 2021-2022		(200,000)
2021-2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 715,277	
Unexpended balance of appropriations (Schedule 2)	<u>2,491,606</u>	
2021-2022 Budget surplus		3,206,883
Decrease in nonspendable fund balance		7,834
Increase in assigned (non-encumbrance) fund balance		<u>(200,000)</u>
Unassigned fund balance, ending		<u><u>\$2,814,718</u></u>

SCHEDULE 4
GOFFSTOWN SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds			Capital Projects Fund	Permanent Fund	Total
	Food Service	Private Donations	Student Activity			
ASSETS						
Cash and cash equivalents	\$ 127,919	\$ 26,805	\$ 190,881	\$ -	\$ -	\$ 345,605
Intergovernmental receivable	389,624	-	-	-	40,207	429,831
Total assets	\$ 517,543	\$ 26,805	\$ 190,881	\$ -	\$ 40,207	\$ 775,436
LIABILITIES						
Accounts payable	\$ 36,607	\$ -	\$ 23,930	\$ 609	\$ -	\$ 61,146
Accrued salaries and benefits	1,221	-	-	-	-	1,221
Total liabilities	37,828	-	23,930	609	-	62,367
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grants and donations	30,078	26,805	-	-	-	56,883
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	-	-	35,722	35,722
Restricted	449,637	-	-	-	4,485	454,122
Assigned	-	-	166,951	-	-	166,951
Unassigned (deficit)	-	-	-	(609)	-	(609)
Total fund balances (deficit)	449,637	-	166,951	(609)	40,207	656,186
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 517,543	\$ 26,805	\$ 190,881	\$ -	\$ 40,207	\$ 775,436

SCHEDULE 5
GOFFSTOWN SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds			Capital Project Fund	Permanent Fund	Total
	Food Service	Private Donations	Student Activity			
REVENUES						
Other local	\$ 116,752	\$ 1,211	\$ 211,549	\$ -	\$ (4,885)	\$ 324,627
State	12,375	-	-	-	-	12,375
Federal	1,468,702	-	-	-	-	1,468,702
Total revenues	<u>1,597,829</u>	<u>1,211</u>	<u>211,549</u>	<u>-</u>	<u>(4,885)</u>	<u>1,805,704</u>
EXPENDITURES						
Current:						
Instruction	-	-	218,835	609	436	219,880
Support services:						
Operation and maintenance of plant	-	1,211	-	162,025	-	163,236
Noninstructional services	1,283,582	-	-	-	-	1,283,582
Total expenditures	<u>1,283,582</u>	<u>1,211</u>	<u>218,835</u>	<u>162,634</u>	<u>436</u>	<u>1,666,698</u>
Excess (deficiency) of revenues over (under) expenditures	<u>314,247</u>	<u>-</u>	<u>(7,286)</u>	<u>(162,634)</u>	<u>(5,321)</u>	<u>139,006</u>
OTHER FINANCING SOURCES						
Transfers in	<u>65</u>	<u>-</u>	<u>-</u>	<u>162,025</u>	<u>-</u>	<u>162,090</u>
Net change in fund balances	314,312	-	(7,286)	(609)	(5,321)	301,096
Fund balances, beginning	135,325	-	174,237	-	45,528	355,090
Fund balances (deficit), ending	<u>\$ 449,637</u>	<u>\$ -</u>	<u>\$ 166,951</u>	<u>\$ (609)</u>	<u>\$ 40,207</u>	<u>\$ 656,186</u>

SCHEDULE 6
GOFFSTOWN SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2022

	Student Activity Funds				Total
	Bartlett Elementary	Maple Avenue Elementary	Mountain View Middle	Goffstown High	
ASSETS					
Cash and cash equivalents	\$ 4,840	\$ 33,454	\$ 26,399	\$ 126,188	\$ 190,881
LIABILITIES					
Accounts payable	-	-	-	23,930	23,930
FUND BALANCES					
Assigned	\$ 4,840	\$ 33,454	\$ 26,399	\$ 102,258	\$ 166,951

SCHEDULE 7
GOFFSTOWN SCHOOL DISTRICT
Student Activity Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Student Activity Funds				Total
	Bartlett Elementary	Maple Avenue Elementary	Mountain View Middle	Goffstown High	
REVENUES					
Other local	\$ 6,359	\$ 3,547	\$ 40,184	\$ 161,459	\$ 211,549
EXPENDITURES					
Current:					
Instruction	7,764	594	41,812	168,665	218,835
Net change in fund balances	(1,405)	2,953	(1,628)	(7,206)	(7,286)
Fund balances, beginning	6,245	30,501	28,027	109,464	174,237
Fund balances, ending	<u>\$ 4,840</u>	<u>\$ 33,454</u>	<u>\$ 26,399</u>	<u>\$ 102,258</u>	<u>\$ 166,951</u>

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



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Goffstown School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Goffstown School District's basic financial statements, and have issued our report thereon dated January 23, 2023. Our report on the financial statements of the governmental activities was adverse as indicated therein.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Goffstown School District's internal control over financial reporting (internal control) 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 Goffstown School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Goffstown School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Goffstown School District'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*.

Purpose of This Report

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

Sheryl A. Pratt, CPA

January 23, 2023
Concord, New Hampshire

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

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

Report on Compliance for the Major Federal Program

Opinion on Major Federal Program

We have audited the Goffstown School District'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 Goffstown School District's major federal programs for the year ended June 30, 2022. The Goffstown School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Goffstown School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Goffstown School District 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 Goffstown School District'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 Goffstown School District'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 Goffstown School District'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. 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.

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

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 Goffstown School District's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Goffstown School District'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 Goffstown School District'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 Goffstown School District'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.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

January 23, 2023
Concord, New Hampshire

Sheryl A. Platt, CPA
PŁODZIK & SANDERSON
Professional Association

SCHEDULE I
GOFFSTOWN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster

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

Auditee qualified as low risk auditee? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
GOFFSTOWN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the State of New Hampshire Department of Education				
CHILD NUTRITION CLUSTER				
School Breakfast Program	10.553	N/A	\$ -	\$ 223,696
National School Lunch Program	10.555	N/A	-	1,245,006
<i>CLUSTER TOTAL</i>			-	1,468,702
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies:				
Title I	84.010	20210821	-	16,315
Title I	84.010	20220092	-	284,680
<i>PROGRAM TOTAL</i>			-	300,995
SPECIAL EDUCATION CLUSTER				
Special Education - Grants to States:				
Remote Learning	84.027	20193479	-	2,178
IDEA	84.027	20210916	-	28,495
IDEA	84.027	20220346	-	559,796
ARP IDEA	84.027	20220789	-	26,808
Special Education - Preschool Grants:				
Preschool	84.173	20220346	-	8,812
<i>CLUSTER TOTAL</i>			-	626,089
Supporting Effective Instruction State Grants:				
Title II-A	84.367	20190156	-	760
Title II-A	84.367	20200156	-	63,225
Title II-A	84.367	20211717	-	35,172
<i>PROGRAM TOTAL</i>			-	99,157
Student Support and Academic Enrichment Program:				
Title IV A	84.424	20200748	-	5,326
Title IV A	84.424	20211807	-	32,081
<i>PROGRAM TOTAL</i>			-	37,407
COVID-19 - Education Stabilization Fund:				
ESSER II	84.425D	20211816	-	344,548
ARP-ESSER Homeless	84.425W	20220641	-	225
ARPA ESSER III	84.425U	20220011	-	550,962
<i>PROGRAM TOTAL</i>			-	895,735
English Language Acquisition State Grants:				
Title III	84.365	20190182	1,819	1,819
Title III	84.365	20220727	3,484	5,514
Passed Through the Hudson School District, New Hampshire				
Title III	84.365	20200736	-	971
Passed Through the Pelham School District, New Hampshire				
Title III	84.365	20211310	-	4,787
<i>PROGRAM TOTAL</i>			5,303	13,091
Total Expenditures of Federal Awards			\$ 5,303	\$ 3,441,176

The accompanying notes are an integral part of this schedule.

GOFFSTOWN SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Goffstown School District under programs of the federal government for the year ended June 30, 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 Goffstown School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Goffstown School District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities on the date received. For the fiscal year ended June 30, 2022, the value of food donations received was \$82,778.