

TOWN OF WOLFEBORO, NEW HAMPSHIRE

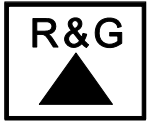
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Town Manager and Members of the Board of Selectmen
Town of Wolfeboro
Wolfeboro, New Hampshire

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2021, and the respective changes in financial position thereof, and where applicable, cash flows, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Town'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 statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB related schedules on pages 4 – 12 and 53 – 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor and individual general 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 Regulation 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. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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

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

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 April 28, 2023, on our consideration of the Town of Wolfeboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the results 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 Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wolfeboro's internal control over financial reporting and compliance.

Roberts & Greene, PLLC

Concord, New Hampshire
April 28, 2023

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

Presented herewith please find the Management Discussion & Analysis Report for the Town of Wolfeboro for the year ended December 31, 2021. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the Town's financial position, including the results of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the Town's financial activities have been included.

The Town's management is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained. Toward this end, management strives to maintain up-to-date information technology systems and software applications.

Overview of the Financial Statements

The financial statements presented herein include all the activities of the Town of Wolfeboro using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the Town of Wolfeboro's financial statements. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner like most private-sector companies.

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All the current year's revenue and expenses are considered regardless of when cash is received or paid.

The government-wide financial statements have separate columns for the following two types of activities:

Governmental activities – represent most of the Town's basic services.

Business-type activities – account for the Town's water, electric, sewer and ice rink operations and receive most of their revenue from user fees.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. The Town maintains three fund types: governmental, proprietary, and fiduciary 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 expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances for the General Fund, which is the Town's only major governmental fund. All other non-major governmental funds are aggregated and presented as other governmental funds.

The Town adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

The proprietary funds provide municipal electric, water, and sewer services to customers, and charge a user fee for these services. The Town of Wolfeboro also provides the Pop Whalen Ice Arena's facility for use by the public. This facility is partially subsidized by the General Fund; however, other organizations and users are charged a fee. These funds are presented on the accrual basis of accounting.

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section contains a schedule of funding progress for other post-employment benefits.

Combining Non-major Governmental and Individual General Fund Schedules

Other supplementary information includes the combining of non-major and fiduciary fund financial statements. This section includes a budgetary comparison schedule for the Town's major governmental fund which includes a reconciliation between the reported activity of the revenues, expenditures, and transfers for budgetary purposes

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

(Exhibit 17) (Page 58). The Town's only major governmental fund with an adopted budget is the General Fund.

Government-Wide Financial Analysis

Governmental Activities

According to Exhibit 1 – Statement of Net Position in the Financial Statements, the net position of the Town of Wolfeboro governmental activities as of December 31, 2021, and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current and other assets:		
Capital assets, net	\$ 47,668,936	\$ 45,158,553
Other assets	<u>20,185,702</u>	<u>19,325,464</u>
Total assets	<u>67,854,638</u>	<u>64,484,017</u>
Deferred Outflows of Resources	<u>2,945,600</u>	<u>3,977,477</u>
Long-term liabilities	22,712,126	25,060,018
Other liabilities	<u>9,747,012</u>	<u>8,851,345</u>
Total liabilities	<u>32,459,138</u>	<u>33,911,363</u>
Deferred Inflows of Resources	<u>3,269,295</u>	<u>1,065,250</u>
Net position:		
Net investment in capital assets	38,119,084	35,632,501
Restricted	2,549,913	2,341,646
Unrestricted	<u>(5,597,192)</u>	<u>(4,489,266)</u>
Total net position	<u>\$ 35,071,805</u>	<u>\$ 33,484,881</u>

The Town's net position totaled \$35,071,805 at the end of year 2021, an increase of \$1,586,924. when compared to the end of the previous year. This total includes a increase in the Town's net investment in capital assets of \$3,370,621, an increase in restricted net position of \$208,267, as well as a decrease in unrestricted net position of \$1,107,926.

A large portion of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. Another significant portion of the Town's net position is restricted regarding how they may be used. For the Town of Wolfeboro, those restrictions include those related to non-expendable trust funds, capital reserve funds, and conservation funds. The remaining unrestricted portion represents the part of net position of the Town of Wolfeboro that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

According to Exhibit 2 – Statement of Activities in the Financial Statements, changes in net position for governmental activities for the years ended December 31, 2021, and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Program revenues:		
Charges for services	\$ 2,891,265	\$ 2,427,420
Operating grants and contributions	243,406	336,923
Capital grants and contributions	<u>1,146,439</u>	<u>704,775</u>
Total program revenues	<u>4,281,110</u>	<u>3,469,118</u>
General revenues:		
Property and other taxes	12,450,848	12,447,553
Grants and Contributions	465,752	405,411
Miscellaneous	1,816,825	2,007,804
Transfers	<u>(538,796)</u>	<u>(696,010)</u>
Total general revenues and transfers	<u>14,194,629</u>	<u>14,164,758</u>
Total revenues	<u>18,475,739</u>	<u>17,633,876</u>
Program expenses:		
General government	4,586,493	3,068,231
Public safety	4,510,402	6,166,749
Highways and streets	2,933,506	3,541,822
Sanitation	1,428,337	984,811
Health and welfare	203,404	183,153
Culture and recreation	1,629,015	1,589,408
Conservation	214,692	35,947
Economic development	12,428	10,311
Interest and fiscal charges	272,085	389,682
Capital Outlay	<u>1,098,453</u>	<u>159,660</u>
Total expenses	<u>16,888,815</u>	<u>16,129,774</u>
Change in position	1,586,924	1,504,102
Net Position - beginning of year	<u>33,484,881</u>	<u>31,980,779</u>
Net Position - ending of year	<u>\$ 35,071,805</u>	<u>\$ 33,484,881</u>

During the year ended December 31, 2021, program revenues covered only 25% of program expenses, while the remaining 75% was funded by general revenues (e.g., taxes, grants, and contributions).

The Town's governmental activities expenses covered a range of services. The largest expenses were for general government (27%), public safety (27%), highways and streets (17%) culture and recreation (10%), and which accounted for 81% of total expenses.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

Business-type Activities

According to Exhibit 1 – Statement of Net Position in the Financial Statements, net position of the business type activities as of December 31, 2021, and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Current and other assets:		
Capital assets, net	\$ 36,022,663	\$ 32,333,603
Other assets	<u>12,855,226</u>	<u>14,994,638</u>
Total assets	<u>48,877,889</u>	<u>47,328,241</u>
Deferred Outflows of Resources	<u>523,245</u>	<u>664,726</u>
Long-term liabilities	15,011,256	14,943,631
Other liabilities	<u>1,041,975</u>	<u>1,116,830</u>
Total liabilities	<u>16,053,231</u>	<u>16,060,461</u>
Deferred Inflows of Resources	<u>573,793</u>	<u>246,423</u>
Net position:		
Net investment in capital assets	23,323,534	20,380,618
Unrestricted	<u>9,450,576</u>	<u>11,305,465</u>
Total net position	<u>\$ 32,774,110</u>	<u>\$ 31,686,083</u>

The Town's business-type activities net position totaled \$32,774,110 at the end of year 2021, an increase of \$1,088,027. when compared to the end of the previous fiscal year, as restated. This increase includes an increase in the Town's net investment in capital assets of \$1,549,648 in addition to a decrease in unrestricted net position of \$1,854,889.

The largest portion of the Town's net position for its business-type activities reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. These assets are utilized by the Town of Wolfeboro to provide services to its citizenry; therefore, they are not available for future spending.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

According to Exhibit 2 – Statement of Activities in the Financial Statements, changes in net position for the business-type activities for the years ended December 31, 2021, and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Program revenues:		
Charges for services	\$ 14,052,358	\$ 13,048,388
Operating grants and contributions	<u>38,042</u>	<u>64,290</u>
Total program revenues	<u>14,090,400</u>	<u>13,112,678</u>
General revenues:		
Miscellaneous	-	-
Transfers	<u>538,796</u>	<u>696,010</u>
Total general revenues and transfers	<u>538,796</u>	<u>696,010</u>
Total revenues	<u>14,629,196</u>	<u>13,808,688</u>
Program expenses:		
Electric	10,133,962	9,958,160
Water	1,474,712	1,554,288
Sewer	1,631,163	1,563,754
Pop Whalen	<u>301,332</u>	<u>224,564</u>
Total expenses	<u>13,541,169</u>	<u>13,300,766</u>
Change in position	1,088,027	507,922
Net Position - beginning of year	<u>31,686,083</u>	<u>31,440,945</u>
Restatement	-	<u>(262,784)</u>
Net Position - ending of year	<u>\$ 32,774,110</u>	<u>\$ 31,686,083</u>

The primary funding source for business-type activities is charges for services, which comprises 98% of all funding sources. Program revenues provided funding for 99% of total program expenses. Net position increased a total of \$1,088,027 primarily due to Total Revenues exceeding Program Expenses for the year.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

General Fund

The General Fund is the main operating fund of the Town. At the end of the current year, the general fund had an unassigned fund balance on the budgetary basis of \$4,235,156, while total fund equity was \$4,777,760. The total fund equity also includes a non-spendable fund balance of \$70,403, a restricted fund balance of \$2,687, a committed fund balance of \$370,065, and an assigned fund balance of \$524,181. The General Fund total fund balance decreased \$482,455 from December 31, 2020.

During the tax setting process the Finance Director and Town Manager review the calculation outlined in the vote of the 2002 Town Meeting under Article 18 as one method of determining the appropriate amount of fund balance to retain for the following year. In December 2011, the Board of Selectmen adopted a formal fund balance policy in accordance with the Governmental Accounting Standards Board Pronouncement 54 (GASB 54). In 2021 \$0.00 was used to offset the tax rate. Please see (Exhibit 21) (Page 63) of the financial statements for a reconciliation of changes in fund balance from the prior year.

Other Governmental Funds

According to Exhibit 17 Combining Balance Sheet – Non-major Governmental Funds, the total fund balance in Other Governmental Funds is \$1,998,351 at year end, an increase of \$245,031. from the previous year. The various non-major governmental funds within this category are: Special Revenue Funds, Capital Projects Fund and Permanent Funds. The Special Revenue Funds consist of the following funds: Conservation Commission \$84,718 in committed fund balance; Police Detail Fund \$3,389 in committed fund balance; Recreation Revolving Account has a committed fund balance of \$17,217; Miscellaneous Grant Funds with an unassigned deficit of \$2,243 and a restricted fund balance of \$5,000, as well as the CDBG Fund with an unassigned fund balance of zero. The Capital Projects Fund has a restricted fund balance of \$639,934, representing unspent bond proceeds and grants. The Permanent Fund totals \$1,250,336 of which \$859,611 is non-spendable fund balance with the remaining \$390,725 in restricted fund balance.

Proprietary Funds

The focus of the Town's proprietary funds is on total economic resources, and changes to net position, much as it might be for a private-sector business.

The Town of Wolfeboro's proprietary funds consist of the Water Department, Sewer Department, Electric Department and Pop Whalen Ice Arena. According to Exhibit 9 the Statement of Revenues, Expenditures and Changes in Net Position, total net position increased \$1,088,027. from December 31, 2020, to December 31, 2021, to a total of \$32,774,110. The Income (Loss) before capital contributions and transfers was as follows: Electric Department \$801,511; Water Department \$558,509; Sewer Department (\$480,316) and Pop Whalen Ice Arena (\$39,473.). Please note that after applying the effect of capital contributions and transfers in from the general fund changes in net position were as follows: Electric Department \$648,227; Water Department \$479,869; Sewer Department \$34,002 and Pop Whalen Fund (\$74,071).

Rates for the Municipal Electric Fund and the Pop Whalen Fund remained the same. Water and Sewer Funds were increased in June 2020.

General Fund Budgetary Highlights

According to Exhibit 19 actual revenues for the year exceeded those anticipated by \$552,698. Revenues exceeded estimations in most categories, except for Property Taxes (\$40,997); Water Pollution Grant (\$125,349); GOFERR (\$53,006); Police Grants (\$17,411); Net totals are as follows: Taxes (\$18,821); Licenses and permits \$195,380; Intergovernmental Revenues (\$105,756); Charges for services \$197,764; Miscellaneous Revenue \$242,764 and Transfers In from

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

Non-major Funds \$26,172.

Expenditures for the year remained within appropriated amounts overall which resulted in an unexpended balance of appropriations in the amount of \$59,172 (see Exhibit 20).

The revenue surplus, the unexpended balance of appropriations, a decrease in nonspendable fund balance (\$38,362), and an increase in restricted fund balance of \$2,687 resulted in a budget surplus of \$647,545. 710,341.

Capital Assets and Long-Term Obligations

Capital Assets

The Town considers a capital asset to be an asset whose cost exceeds \$5,000 to \$50,000 depending on the type of asset and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their estimated useful life.

According to Exhibit 1 Statement of Net Position, the Town's investment in capital assets net of accumulated depreciation for its governmental activities and business-type activities as of December 31, 2021, amounts to \$47,668,936 and \$36,022,663, respectively. Investment in capital assets includes land, infrastructure, buildings and improvements, vehicles and equipment, and other capital improvements.

Long-Term Obligations

On January 1, 2021, the Town of Wolfeboro had total outstanding bonded debt and other long-term obligations of \$8,999,291 and \$11,424,413 in the governmental activities and business-type activities, respectively. Principal payments and bond retirements during the year reduced debt of the Town however, new bond items for the Recreational Dock Repairs (\$850,000) and Electric Distribution Conversion Phase 6 (\$1,850,000) were issued, leaving a balance at year-end of \$8,918,032 and \$11,615,050, respectively. The combined total outstanding balance at year-end was \$20,533,082. For a summary of long-term debt transactions and all other long-term obligations in the governmental and business type activities fund please see pages 39 through 42 of the Notes to the Financial Statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by the Governmental Accounting Standards Board (GASB).

In 2015, GASB Statement No. 68 went into effect. GASB's stated intent is to increase transparency, consistency, and comparability of pension information across governments. GASB 68 impacts financial reporting for participating employers of the New Hampshire Retirement System (NHRS). The change in standard will revise the way that pension plan financial information is reported, however it does not change the funding mechanism of the town's contribution to NHRS, which is set by statute.

GASB 68 is a change in financial reporting for accounting purposes, there is no change to the way that the town pays its retirement benefit contributions, or the town's requirements to NHRS as an enrolled employer. Adherence to GASB standards is an important consideration for bond rating agencies. Accordingly, the Town of Wolfeboro adopted GASB 68, on schedule, for the year ending 2015. The result is a significant change in how the net position of the town is reflected.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2021

The following highlights are important to note,

- Under GASB 68 employers must report a proportionate share of Net Pension Liability and pension expenses on their financial statements. Previously employers only reported the annual contributions.
- Reporting the proportionate share will not impact NHRS employer contributions or local property tax rates.
- NHRS explains GASB 68: “The presence of a large number representing unfunded pension costs on local government balance sheets could give the incorrect impression that employers have a debt that must be paid immediately, which is not the case...the proportionate share is not a bill. Employers will continue to pay down unfunded liability through 2039 the same as before GASB 68.” *
- Some States show a very large pension liability under previously published GASB 67, but not New Hampshire. “In NHRS’ case... [the annual calculation to show whether there will be sufficient assets to pay benefits as they are due] ...showed that the retirement system is in a position to meet its obligations, allowing the retirement system to use its assumed rate of investment return.....because there is no crossover point where benefits paid out exceed plan assets”. *
- GASB’s new standard reflects the position that pension costs and obligations should be recorded on financial statements as employees earn them, not when the government contributes them.
- According to GASB: “While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government’s situation will not have changed.” *

*How to Read the NHRS GASB 68 Reports by NHRS February 2016

Economic Conditions

Assessed real estate value increased from \$2,372,868,648 to \$2,388,715,937 or an increase of \$15,847,289 because of fluctuations in the housing market, as reflected in the Town’s revaluation of property by the Assessing Department and the full revaluation of property which was done in April 2020.

The overall tax rate increased by \$0.66 at \$ 13.67 compared with the 2020 rate of \$13.01 per thousand.

Total voted appropriation for 2021 was \$39,194,150. The town maintains a Capital Improvement Plan through the CIP Committee, which makes recommendations to the Board of Selectmen via the Planning Board. Several recommendations forwarded by the CIP Committee were not included in the budget by the Board of Selectmen due to budget constraints, or subsequent action of the Town Budget Committee.

Economic conditions for Carroll County are improving while not robust for the year ended December 31, 2021. The average unemployment rate for the year was 3.5% for Wolfeboro, NH; comparable to the national average of 3.6%. The yearly Northeast Consumer Price Index increase was 3.9%.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all of Wolfeboro’s citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to **K a t h r y n C a r p e n t i e r**, Finance Director, Town of Wolfeboro Finance Office, 84 South Main Street, Wolfeboro, NH 03894, or call (603) 569-8168.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,441,159	\$ 10,002,710	\$ 22,443,869
Investments	5,161,408	-	5,161,408
Intergovernmental receivable	1,131,313	1,136,767	2,268,080
Other receivables, net of allowance for uncollectibles	1,358,167	1,402,527	2,760,694
Inventory	23,252	313,222	336,474
Prepaid items	499	-	499
Tax deeded property held for resale	69,904	-	69,904
Capital assets, not being depreciated:			
Land	6,739,466	1,115,005	7,854,471
Construction in progress	2,776,823	6,286,491	9,063,314
Capital assets, net of accumulated depreciation:			
Land improvements	226,436	-	226,436
Buildings and building improvements	10,218,247	2,909,988	13,128,235
Machinery, vehicles and equipment	3,855,734	6,627,314	10,483,048
Infrastructure	22,799,889	19,083,865	41,883,754
Improvements other than buildings	1,052,341	-	1,052,341
Total assets	<u>67,854,638</u>	<u>48,877,889</u>	<u>116,732,527</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,666,936	281,330	1,948,266
Deferred amounts related to OPEB	1,278,664	241,915	1,520,579
Total deferred outflows of resources	<u>2,945,600</u>	<u>523,245</u>	<u>3,468,845</u>
LIABILITIES			
Accounts payable	1,024,773	708,563	1,733,336
Accrued payroll and benefits	40,955	32,971	73,926
Contract payable	79,794	-	79,794
Accrued interest payable	127,830	213,910	341,740
Intergovernmental payable	8,490,801	631	8,491,432
Retainage payable	10,275	-	10,275
Performance and escrow deposits	10,559	47,925	58,484
Internal balances	(37,975)	37,975	-
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	846,903	1,548,476	2,395,379
Unamortized bond premium	57,218	126,409	183,627
Compensated absences payable	1,652	13,028	14,680
Accrued landfill postclosure care costs	20,000	-	20,000
Due in more than one year:			
Bonds and notes payable	8,071,129	10,066,574	18,137,703
Unamortized bond premium	574,602	1,090,734	1,665,336
Compensated absences payable	587,464	53,470	640,934
Accrued landfill postclosure care costs	580,000	-	580,000
Net pension liability	7,476,052	1,261,737	8,737,789
Other postemployment benefits liability	4,497,106	850,828	5,347,934
Total liabilities	<u>32,459,138</u>	<u>16,053,231</u>	<u>48,512,369</u>

(continued)

The notes to the financial statements are an integral part of this statement.

EXHIBIT 1 (continued)
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	386,948	76,439	463,387
Deferred amounts related to pensions	2,348,647	396,381	2,745,028
Deferred amounts related to OPEB	533,700	100,973	634,673
Total deferred inflows of resources	<u>3,269,295</u>	<u>573,793</u>	<u>3,843,088</u>
NET POSITION			
Net investment in capital assets	38,119,084	23,323,534	61,442,618
Restricted for:			
Endowments:			
Nonexpendable	859,611	-	859,611
Expendable	390,725	-	390,725
Other purposes	1,299,577	-	1,299,577
Unrestricted	(5,597,192)	9,450,576	3,853,384
Total net position	<u>\$ 35,071,805</u>	<u>\$ 32,774,110</u>	<u>\$ 67,845,915</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 4,586,493	\$ 2,287,347	\$ 74,234	\$ -	\$ (2,224,912)	\$ -	\$ (2,224,912)
Public safety	4,510,402	95,991	106,661	-	(4,307,750)	-	(4,307,750)
Highways and streets	2,933,506	-	5,535	175,437	(2,752,534)	-	(2,752,534)
Sanitation	1,428,337	321,554	-	-	(1,106,783)	-	(1,106,783)
Health	122,420	-	-	-	(122,420)	-	(122,420)
Welfare	80,984	-	-	-	(80,984)	-	(80,984)
Culture and recreation	1,629,015	183,726	14,534	-	(1,430,755)	-	(1,430,755)
Conservation	214,692	2,647	42,442	79,849	(89,754)	-	(89,754)
Economic development	12,428	-	-	-	(12,428)	-	(12,428)
Interest on long-term debt	272,085	-	-	-	(272,085)	-	(272,085)
Capital outlay	1,098,453	-	-	891,153	(207,300)	-	(207,300)
Total governmental activities	<u>16,888,815</u>	<u>2,891,265</u>	<u>243,406</u>	<u>1,146,439</u>	<u>(12,607,705)</u>	<u>-</u>	<u>(12,607,705)</u>
Business-type activities:							
Water department	1,474,712	1,954,581	-	-	-	479,869	479,869
Electric department	10,133,962	10,782,189	-	-	-	648,227	648,227
Sewer department	1,631,163	1,056,406	38,042	-	-	(536,715)	(536,715)
Pop Whalen ice arena	301,332	259,182	-	-	-	(42,150)	(42,150)
Total business-type activities	<u>13,541,169</u>	<u>14,052,358</u>	<u>38,042</u>	<u>-</u>	<u>-</u>	<u>549,231</u>	<u>549,231</u>
Total primary government	<u>\$ 30,429,984</u>	<u>\$ 16,943,623</u>	<u>\$ 281,448</u>	<u>\$ 1,146,439</u>	<u>(12,607,705)</u>	<u>549,231</u>	<u>(12,058,474)</u>
General revenues and transfers:							
Property taxes					12,235,313	-	12,235,313
Other taxes					215,535	-	215,535
Grants and contributions not restricted to specific programs					465,752	-	465,752
Miscellaneous					1,816,825	-	1,816,825
Transfers					(538,796)	538,796	-
Total general revenues and transfers					<u>14,194,629</u>	<u>538,796</u>	<u>14,733,425</u>
Change in net position					1,586,924	1,088,027	2,674,951
Net position, beginning, as restated, see Note III.D.					33,484,881	31,686,083	65,170,964
Net position, ending					<u>\$ 35,071,805</u>	<u>\$ 32,774,110</u>	<u>\$ 67,845,915</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 12,324,011	\$ 117,148	\$ 12,441,159
Investments	3,923,528	1,237,880	5,161,408
Receivables, net of allowance for uncollectibles:			
Taxes	1,356,637	-	1,356,637
Accounts	-	1,530	1,530
Intergovernmental	89,680	1,041,633	1,131,313
Interfund receivable	243,486	1,859	245,345
Inventory	23,252	-	23,252
Prepaid items	499	-	499
Tax deeded property held for resale	69,904	-	69,904
Total assets	<u>\$ 18,030,997</u>	<u>\$ 2,400,050</u>	<u>\$ 20,431,047</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 918,654	\$ 106,119	\$ 1,024,773
Accrued salaries and benefits	40,955	-	40,955
Contracts payable	-	79,794	79,794
Intergovernmental payable	8,490,801	-	8,490,801
Retainage payable	-	10,275	10,275
Interfund payable	1,859	205,511	207,370
Escrow and performance deposits	10,559	-	10,559
Total liabilities	<u>9,462,828</u>	<u>401,699</u>	<u>9,864,527</u>
Deferred inflows of resources:			
Deferred revenue	<u>1,017,014</u>	<u>-</u>	<u>1,017,014</u>
Fund balances:			
Nonspendable	70,403	859,611	930,014
Restricted	662,330	1,035,659	1,697,989
Committed	2,483,818	105,324	2,589,142
Assigned	524,181	-	524,181
Unassigned	3,810,423	(2,243)	3,808,180
Total fund balances	<u>7,551,155</u>	<u>1,998,351</u>	<u>9,549,506</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,030,997</u>	<u>\$ 2,400,050</u>	<u>\$ 20,431,047</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2021

Total fund balances of governmental funds (Exhibit 3)		\$ 9,549,506
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 71,345,111	
Less accumulated depreciation	<u>(23,676,175)</u>	47,668,936
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (207,370)	
Payables	<u>207,370</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 424,733	
Unavailable betterment assessments	<u>205,333</u>	630,066
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(127,830)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 8,918,032	
Unamortized bond premium	631,820	
Compensated absences payable	589,116	
Accrued landfill postclosure care costs	600,000	
Net pension liability	7,476,052	
Other postemployment benefits liability	<u>4,497,106</u>	(22,712,126)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 1,666,936	
Deferred outflows of resources related to OPEB	1,278,664	
Deferred inflows of resources related to pensions	(2,348,647)	
Deferred inflows of resources related to OPEB	<u>(533,700)</u>	
		63,253
Total net position of governmental activities (Exhibit 1)		<u>\$ 35,071,805</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 5
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 12,662,993	\$ 41,255	\$ 12,704,248
Licenses, permits and fees	2,077,059	-	2,077,059
Intergovernmental	849,493	911,801	1,761,294
Charges for services	564,600	92,663	657,263
Miscellaneous	1,809,793	350,229	2,160,022
Total revenues	<u>17,963,938</u>	<u>1,395,948</u>	<u>19,359,886</u>
Expenditures:			
Current:			
General government	3,962,813	1,974	3,964,787
Public safety	4,483,755	19,937	4,503,692
Highways and streets	2,612,672	10,000	2,622,672
Sanitation	894,101	-	894,101
Health	122,420	-	122,420
Welfare	64,831	-	64,831
Culture and recreation	1,481,070	294,334	1,775,404
Conservation	153,337	96,893	250,230
Economic development	12,428	-	12,428
Debt service:			
Principal	778,655	-	778,655
Interest	321,155	-	321,155
Capital outlay	2,717,752	1,645,120	4,362,872
Total expenditures	<u>17,604,989</u>	<u>2,068,258</u>	<u>19,673,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>358,949</u>	<u>(672,310)</u>	<u>(313,361)</u>
Other financing sources (uses):			
Transfers in	9,365	76,706	86,071
Transfers out	(647,423)	(9,365)	(656,788)
Long-term debt issued	-	697,400	697,400
Premium on long-term debt	-	152,600	152,600
Total other financing sources and uses	<u>(638,058)</u>	<u>917,341</u>	<u>279,283</u>
Net change in fund balances	(279,109)	245,031	(34,078)
Fund balances, beginning	7,830,264	1,753,320	9,583,584
Fund balances, ending	<u>\$ 7,551,155</u>	<u>\$ 1,998,351</u>	<u>\$ 9,549,506</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 6
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances of governmental funds (Exhibit 5)	\$	(34,078)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 4,414,665	
Depreciation expense	<u>(1,904,282)</u>	2,510,383
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (86,071)	
Transfers out	<u>86,071</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue	\$ (318,708)	
Change in unavailable betterment assessments	<u>(37,503)</u>	(356,211)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of bonds	\$ (697,400)	
Premium on bonds issued	(152,600)	
Repayment of bonds and notes principal	778,659	
Amortization of bond premium	41,958	
Repayment of capital lease principal	<u>5,583</u>	(23,800)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 7,108	
Increase in compensated absences payable	(97,093)	
Increase in accrued landfill postclosure care costs	(520,000)	
Change in OPEB related balances	<u>(241,400)</u>	(851,385)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 948,678	
Cost of benefits earned, net of employee contributions	<u>(606,663)</u>	
		342,015
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>1,586,924</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 7
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 12,363,106	\$ 12,363,106	\$ 12,344,285	\$ (18,821)
Licenses, permits and fees	1,881,679	1,881,679	2,077,059	195,380
Intergovernmental	940,054	940,054	849,493	(90,561)
Charges for services	354,218	354,218	551,982	197,764
Miscellaneous	1,255,335	1,346,500	1,589,264	242,764
Total revenues	<u>16,794,392</u>	<u>16,885,557</u>	<u>17,412,083</u>	<u>526,526</u>
EXPENDITURES				
Current:				
General government	4,060,013	4,082,545	3,913,468	169,077
Public safety	4,510,115	4,511,030	4,461,079	49,951
Highways and streets	2,695,350	2,697,200	2,501,853	195,347
Sanitation	882,302	882,302	874,054	8,248
Health	130,441	130,441	122,420	8,021
Welfare	63,200	63,200	64,831	(1,631)
Culture and recreation	1,496,820	1,496,820	1,421,805	75,015
Conservation	22,445	22,445	128,553	(106,108)
Economic development	16,174	16,174	12,428	3,746
Debt service:				
Principal	778,658	778,658	778,655	3
Interest	321,148	321,148	321,155	(7)
Capital outlay	2,395,509	2,462,009	2,804,499	(342,490)
Total expenditures	<u>17,372,175</u>	<u>17,463,972</u>	<u>17,404,800</u>	<u>59,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(577,783)</u>	<u>(578,415)</u>	<u>7,283</u>	<u>585,698</u>
Other financing sources (uses):				
Transfers in	901,500	902,132	928,304	26,172
Transfers out	(1,453,717)	(1,453,717)	(1,453,717)	-
Total other financing sources and uses	<u>(552,217)</u>	<u>(551,585)</u>	<u>(525,413)</u>	<u>26,172</u>
Net change in fund balance	<u>\$ (1,130,000)</u>	<u>\$ (1,130,000)</u>	(518,130)	<u>\$ 611,870</u>
Decrease in nonspendable fund balance			38,362	
Increase in restricted fund balance			(2,687)	
Unassigned fund balance, beginning			4,717,611	
Unassigned fund balance, ending			<u>\$ 4,235,156</u>	

The notes to the financial statements are an integral part of this statement.

EXHIBIT 8
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Nonmajor (Pop Whalen Ice Arena)	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,279,593	\$ 8,324,039	\$ 399,078	\$ -	\$ 10,002,710
Accounts receivable	194,790	1,046,123	136,850	24,764	1,402,527
Intergovernmental receivable	89,100	-	1,047,667	-	1,136,767
Interfund receivable	70,118	-	-	-	70,118
Inventory	-	313,222	-	-	313,222
Noncurrent assets:					
Land	12,772	46,733	1,055,500	-	1,115,005
Construction in progress	305,902	3,456,232	2,524,357	-	6,286,491
Capital assets, net of accumulated depreciation:					
Buildings and building improvements	1,905,372	135,233	443,897	425,486	2,909,988
Machinery, vehicles and equipment	286,541	5,816,834	189,364	334,575	6,627,314
Infrastructure	9,353,878	26,078	9,703,909	-	19,083,865
Total assets	<u>13,498,066</u>	<u>19,164,494</u>	<u>15,500,622</u>	<u>784,825</u>	<u>48,948,007</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	91,569	165,993	23,768	-	281,330
Deferred amounts related to OPEB	63,698	154,618	11,852	11,747	241,915
Total deferred outflows of resources	<u>155,267</u>	<u>320,611</u>	<u>35,620</u>	<u>11,747</u>	<u>523,245</u>
LIABILITIES					
Current liabilities:					
Accounts payable	14,919	688,497	5,147	-	708,563
Accrued payroll and benefits	9,418	19,641	2,494	1,418	32,971
Accrued interest payable	48,575	74,526	88,714	2,095	213,910
Intergovernmental payable	-	631	-	-	631
Performance and escrow deposits	200	47,725	-	-	47,925
Interfund payable	-	-	70,118	37,975	108,093
Noncurrent obligations:					
Due within one year:					
Bonds and notes payable	433,980	642,425	436,361	35,710	1,548,476
Unamortized bond premium	37,995	54,198	32,448	1,768	126,409
Compensated absences payable	13,028	-	-	-	13,028
Due in more than one year:					
Bonds and notes payable	2,275,318	4,600,000	3,098,416	92,840	10,066,574
Unamortized bond premium	148,949	614,317	327,468	-	1,090,734
Compensated absences payable	4,378	48,094	998	-	53,470
Net pension liability	410,676	744,460	106,601	-	1,261,737
Other postemployment benefits liability	224,033	543,797	41,684	41,314	850,828
Total liabilities	<u>3,621,469</u>	<u>8,078,311</u>	<u>4,210,449</u>	<u>213,120</u>	<u>16,123,349</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	12,153	55,043	9,243	-	76,439
Deferred amounts related to pensions	129,016	233,876	33,489	-	396,381
Deferred amounts related to OPEB	26,587	64,536	4,947	4,903	100,973
Total deferred inflows of resources	<u>167,756</u>	<u>353,455</u>	<u>47,679</u>	<u>4,903</u>	<u>573,793</u>
NET POSITION					
Net investment in capital assets	9,101,287	3,570,170	10,022,334	629,743	23,323,534
Unrestricted	762,821	7,483,169	1,255,780	(51,194)	9,450,576
Total net position	<u>\$ 9,864,108</u>	<u>\$ 11,053,339</u>	<u>\$ 11,278,114</u>	<u>\$ 578,549</u>	<u>\$ 32,774,110</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 9
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Nonmajor (Pop Whalen Ice Arena)	
Operating revenues:					
Charges for services	\$ 1,954,581	\$ 10,778,008	\$ 1,056,406	\$ 241,915	\$ 14,030,910
Miscellaneous	-	4,181	-	17,267	21,448
Total operating revenues	<u>1,954,581</u>	<u>10,782,189</u>	<u>1,056,406</u>	<u>259,182</u>	<u>14,052,358</u>
Operating expenses:					
Cost of operations	897,995	2,443,485	1,072,915	241,474	4,655,869
Cost of power	-	7,137,959	-	-	7,137,959
Depreciation expense	498,077	399,234	463,807	57,181	1,418,299
Total operating expenses	<u>1,396,072</u>	<u>9,980,678</u>	<u>1,536,722</u>	<u>298,655</u>	<u>13,212,127</u>
Operating income (loss)	<u>558,509</u>	<u>801,511</u>	<u>(480,316)</u>	<u>(39,473)</u>	<u>840,231</u>
Nonoperating revenue (expense):					
Intergovernmental	-	-	38,042	-	38,042
Interest expense	(78,640)	(153,284)	(94,441)	(2,677)	(329,042)
Transfer from other funds	-	-	570,717	-	570,717
Transfer to other funds	-	-	-	(31,921)	(31,921)
Total nonoperating revenue (expense)	<u>(78,640)</u>	<u>(153,284)</u>	<u>514,318</u>	<u>(34,598)</u>	<u>247,796</u>
Net change in net position	479,869	648,227	34,002	(74,071)	1,088,027
Net position, beginning, as restated, see Note III.D.	9,384,239	10,405,112	11,244,112	652,620	31,686,083
Net position, ending	<u>\$ 9,864,108</u>	<u>\$ 11,053,339</u>	<u>\$ 11,278,114</u>	<u>\$ 578,549</u>	<u>\$ 32,774,110</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 10
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business -type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Nonmajor (Pop Whalen Ice Arena)	
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,999,596	\$ 10,561,756	\$ 1,088,873	\$ 249,105	\$ 13,899,330
Payments to suppliers and employees	(927,167)	(9,441,206)	(1,079,456)	(204,794)	(11,652,623)
Net cash provided by operating activities	<u>1,072,429</u>	<u>1,120,550</u>	<u>9,417</u>	<u>44,311</u>	<u>2,246,707</u>
Cash flows from non-capital financing activities:					
Transfer to other funds	(33,750)	-	-	(24,190)	(57,940)
Transfers from other funds	-	-	604,467	-	604,467
Net cash provided (used) in non-capital financing activities	<u>(33,750)</u>	<u>-</u>	<u>604,467</u>	<u>(24,190)</u>	<u>546,527</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(426,118)	(2,205,592)	(2,524,357)	-	(5,156,067)
Proceeds from bond	-	1,850,000	-	-	1,850,000
Proceeds from state grants	66,150	-	125,349	-	191,499
Principal paid on bonds and notes	(444,717)	(430,000)	(436,361)	(15,710)	(1,326,788)
Interest paid on bonds and notes	(126,496)	(153,948)	(137,225)	(4,411)	(422,080)
Net cash used in capital and related financing activities	<u>(931,181)</u>	<u>(939,540)</u>	<u>(2,972,594)</u>	<u>(20,121)</u>	<u>(4,863,436)</u>
Increase (decrease) in cash	107,498	181,010	(2,358,710)	-	(2,070,202)
Cash and cash equivalents, beginning	1,172,095	8,143,029	2,757,788	-	12,072,912
Cash and cash equivalents, ending	<u>\$ 1,279,593</u>	<u>\$ 8,324,039</u>	<u>\$ 399,078</u>	<u>\$ -</u>	<u>\$ 10,002,710</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 558,509	\$ 801,511	\$ (480,316)	\$ (39,473)	\$ 840,231
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	498,077	399,234	463,807	57,181	1,418,299
(Increase) decrease in accounts receivable	44,873	(222,292)	26,911	(10,077)	(160,585)
Decrease in inventory	-	48,029	-	-	48,029
Decrease in prepaid items	7,629	12,165	6,827	1,688	28,309
Increase (decrease) in accounts payable	6,929	(3,674)	(51,182)	-	(47,927)
Increase (decrease) in payroll related liabilities	(43,730)	83,718	37,814	34,992	112,794
Decrease in customer deposits	-	(1,435)	-	-	(1,435)
Increase in unearned revenue	142	3,294	5,556	-	8,992
Total adjustments	<u>513,920</u>	<u>319,039</u>	<u>489,733</u>	<u>83,784</u>	<u>1,406,476</u>
Net cash provided by operating activities	<u>\$ 1,072,429</u>	<u>\$ 1,120,550</u>	<u>\$ 9,417</u>	<u>\$ 44,311</u>	<u>\$ 2,246,707</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 11
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Private Purpose Trust	Custodial
Assets:		
Cash and cash equivalents	\$ 4,746	\$ 132,087
Investments	471,639	1,851,262
Total assets	<u>476,385</u>	<u>1,983,349</u>
Liabilities	<u>-</u>	<u>-</u>
Net position:		
Held in trust for specific purposes	476,385	-
Held for other governments	-	1,866,592
Held for developers	-	116,757
Total net position	<u>\$ 476,385</u>	<u>\$ 1,983,349</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 12
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Private Purpose Trust	Custodial
Additions:		
Deposits from school district	\$ -	\$ 60,000
Deposits from developers	-	134,889
Investment earnings:		
Interest and dividends	10,053	88,398
Net change in fair value of investments	23,354	-
Total additions	<u>33,407</u>	<u>283,287</u>
Deductions:		
Disbursements to school district	-	137,859
Payments to developers	-	5,000
Trust distributions	14,891	-
Total deductions	<u>14,891</u>	<u>142,859</u>
Change in net position	18,516	140,428
Net position, beginning, as restated, see Note III.D.	457,869	1,842,921
Net position, ending	<u>\$ 476,385</u>	<u>\$ 1,983,349</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Wolfeboro (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the year ended December 31, 2021.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Town of Wolfeboro is a municipal corporation governed by a board of selectmen consisting of five members elected by the voters, and a Town Manager appointed by the board of selectmen. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which finance the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to users for sales and services. Operating expenses for enterprise funds include the cost of providing sales and services and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual, governmental fund and the major, individual enterprise funds are reported in separate columns in the basic fund financial statements with composite columns for nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. As well, the proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued in or before 1989, unless those pronouncements conflict with or contradict the GASB.

The government-wide, proprietary, and fiduciary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year, and defers any not received by that date. When calculating fund balance used to set the tax rate, unavailable tax revenues are not deferred in accordance with directives from the New Hampshire Department of Revenue Administration. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due. Proceeds of general long-term debt are reported as other financing sources.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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Major revenues susceptible to accrual are property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

I.B.4. Fund Types and Major Funds

Governmental Funds

The Town reports the following major governmental fund:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds. On the generally accepted accounting principles (GAAP) basis, the Library, Josiah Brown and Expendable Trust Funds are included in the General Fund.

The Town also reports seven nonmajor governmental funds.

Proprietary Funds

The Town reports the following major enterprise funds:

Water Department – Accounts for all revenues and expenses related to the Town’s water treatment and distribution operations.

Electric Department – Accounts for all revenues and expenses related to the Town’s provision of electricity.

Sewer Department – Accounts for all revenues and expenses related to the Town’s sewage disposal operations.

The Town also reports one nonmajor proprietary fund: the Pop Whalen Ice Arena Fund.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

Custodial Funds – Account for amounts held by the Town on behalf of other individuals or governments. These assets are therefore not available to support the Town’s own programs. The Town’s custodial funds are used to account for performance bonds held in escrow, and amounts belonging to the Governor Wentworth Regional School District.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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I.C. Assets, Liabilities, and Net Position or Fund Equity

I.C.1. Cash and Investments

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen and/or Town Manager. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or 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.

Investments are stated at fair value based on quoted market prices.

New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

I.C.2. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first out (FIFO) method. The costs of proprietary fund-type inventory are recorded as expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I.C.3. Capital Assets and Depreciation

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value. The Town generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur; however, the Town capitalizes police weapon inventory and assets purchased with grant funds with costs over \$5,000. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost

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and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Land improvements	5-20
Buildings and building improvements	5-75
Machinery, vehicles and equipment	5-50
Infrastructure	5-75
Improvements other than buildings	3-50

I.C.4. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

I.C.5. Compensated Absences

Some full-time, permanent employees are granted accrued leave benefits in varying amounts to specified maximums based on the number of years in employment. Employees are entitled to a portion of their accrued leave upon termination. Employees hired on January 1, 2011 or later are not eligible for leave time payout upon termination of employment.

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

I.C.6. Equity

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, nonexpendable, which consists of the principal balance of the permanent funds that must be permanently invested and cannot be expended.
- Restricted for endowments, expendable, which consists of the balance of the permanent funds' income that is allowed to be expended for Town purposes.
- Restricted for other purposes, which consists of the balance of the library fund's resources, whose use is restricted by law, the balance of unspent bond proceeds, and grants whose use is restricted by the grantor.

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- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds; and prepaid items and tax deeded property held for resale in the general fund, whose resources are in a nonspendable form.
- Restricted, which represents the expendable income from permanent funds and the library fund, all whose use is limited by law, and grants whose use is restricted by the grantor.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen, and would require an equally formal action to remove those commitments. Committed balances represent continuing appropriations, the expendable trust funds, Josiah Brown fund, and special revenue funds.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the general fund in excess of the nonspendable, restricted, committed and assigned balances, and the deficit balance in the nonmajor (miscellaneous grants) fund.

I.D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Enterprise Funds. A project length budget was adopted for the Capital Projects Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2021, none of the fund balance from 2020 was so used, but \$1,130,000 was appropriated from fund balance.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as commitments or assignments of fund

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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balances and do not constitute expenditures or liabilities because they will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, conservation, economic development, debt service, and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

Minimum Fund Balance

In order to maintain a reasonable cash reserve, as well as plan for fiscal emergencies, the Town strives to maintain an unassigned fund balance in its General Fund equal to 10% of the current year’s voted operating budget. Consistent with Article 16 of the 2002 Town Warrant, which established a Town Surplus Policy, the Town Manager shall have the authority to reduce the surplus (General Fund Unassigned Fund Balance) carried over from the prior year to an amount no greater than 10% of the operating budget voted for the current year by applying it to reduce taxes.

II.B. General Fund GAAP to Budgetary Basis Reconciliation

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 18,340,387
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	743,441
Tax revenue deferred in the current year	(424,733)
Perspective difference:	
Revenue from library fund	136,180
Revenue from Josiah Brown fund	25,503
Revenue from expendable trust fund	71,464
Transfer from permanent fund to library fund	1,479
Transfer from expendable trust fund	(920,418)
Per Exhibit 5 (GAAP basis)	<u>\$ 17,973,303</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 18,858,517
Adjustments:	
Basis difference:	
Encumbrances, beginning	485,848
Encumbrances, ending	(894,246)
Perspective difference:	
Expenditures from Josiah Brown fund	8,000
Expenditures from library fund	73,192
Expenditures from expendable trust fund	527,395
Transfer to capital projects fund from expendable trust fund	76,706
Transfers to expendable trust fund	(883,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 18,252,412</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 4,235,156
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(424,733)
Per Exhibit 3 (GAAP basis)	<u>\$ 3,810,423</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2021, the Town's reporting entity had the following investments:

Certificates of Deposit	\$ 1,286,447
Mutual Funds	5,329,167
Exchange Traded Funds	868,695
	<u>\$ 7,484,309</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 5,161,408
Fiduciary funds - statement of fiduciary net position (Exhibit 11)	2,322,901
Total	<u>\$ 7,484,309</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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Fair Value Measurement

The town categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of December 31, 2021:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 1,286,447	\$ 1,286,447
Mutual Funds	5,329,167	-	5,329,167
Exchange Traded Funds	868,695	-	868,695
	<u>\$ 6,197,862</u>	<u>\$ 1,286,447</u>	<u>\$ 7,484,309</u>

The Town classifies its investments into Level 1, which refers to the investments traded in an active market; and Level 2, which refers to the investments not traded on an active market but for which observable market inputs are readily available. The levels relate to valuation only and do not necessarily indicate a measure of risk.

Investment Risks

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town does not have an investment policy that places any further restrictions on its investment choices. The Town does not have any investments with credit ratings.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town does not have an investment policy that addresses limiting interest rate risk. The Town does not have any investments subject to interest rate risks.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have an investment policy that addresses concentration of credit risk. As of December 31, 2021, the Town had \$1,191,574 invested in the Vanguard Short-Term Investment-Grade Fund, \$827,534 invested in the Fidelity Short-Term Treasury Bond Index Fund, and \$751,968 invested in the Baird Aggregate Bond Fund, representing 15.92%, 11.06%, and 10.05% respectively, of its total investments.

III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is

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levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of liened taxes levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2020 property taxes on April 27th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Governor Wentworth Regional School District, and Carroll County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2021, upon which the 2021 property tax levy was based was:

For the New Hampshire education tax	\$ 2,388,329,637
For all other taxes	\$ 2,388,715,937

The tax rates and amounts assessed for the year ended December 31, 2021 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$5.28	\$ 12,613,867
School portion:		
State of New Hampshire	\$1.78	4,244,568
Local	\$5.49	13,122,091
County portion	\$1.12	2,672,533
Precinct portion:		
Lower Beech Pond	\$0.10	634
Total property taxes assessed		\$ 32,653,693

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The following details the taxes receivable at year-end:

Property:	
Levy of 2021	\$ 1,003,687
Unredeemed (under tax lien):	
Levy of 2020	119,382
Levy of 2019	81,386
Levy of 2018	23,643
Levies of 2017 and prior	169,244
Timber	7,634
Betterment assessments	211,661
Less: allowance for estimated uncollectible taxes	(260,000)
Net taxes receivable	<u><u>\$ 1,356,637</u></u>

Other Receivables

Other significant receivables include grant reimbursements for the Town's various grant programs, long-term state aid grants, utility charges, and ice arena rental fees. Allowances exist for future utility charge abatements. The receivables are as follow:

Accounts	\$ 1,728,326
Intergovernmental	2,268,080
Less: allowance for uncollectible amounts	(324,269)
Net total receivables	<u><u>\$ 3,672,137</u></u>

Deferred Revenue

Deferred revenue in the General Fund of \$1,017,014 at December 31, 2021 represents \$424,733 of 2021 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, \$335,949 of unspent American Rescue Plan Act funds, \$205,333 in betterment assessments that will be invoiced in future years, \$49,285 in taxes prepaid for the 2022 tax levy, \$467 in donations for the Libby 100th celebration, and \$1,247 in miscellaneous items. In the governmental activities, only \$386,948 is reported as unearned revenue, representing prepaid taxes, ARPA funds, advance payments, donations, prepaid program fees, and miscellaneous items. Unearned revenue in the Enterprise Funds represents prepayments of utility charges.

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III.A.3. Capital Assets

Changes in Capital Assets

The following tables provide a summary of changes in capital assets:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 6,739,466	\$ -	\$ -	\$ 6,739,466
Construction in progress	743,691	2,051,426	(18,294)	2,776,823
Total capital assets not being depreciated	<u>7,483,157</u>	<u>2,051,426</u>	<u>(18,294)</u>	<u>9,516,289</u>
Being depreciated:				
Land improvements	87,458	150,322	-	237,780
Buildings and building improvements	14,229,772	119,884	-	14,349,656
Machinery, vehicles and equipment	7,563,019	1,774,756	-	9,337,775
Infrastructure	34,860,574	311,876	-	35,172,450
Other improvements	2,706,466	24,695	-	2,731,161
Total capital assets being depreciated	<u>59,447,289</u>	<u>2,381,533</u>	<u>-</u>	<u>61,828,822</u>
Total all capital assets	<u>66,930,446</u>	<u>4,432,959</u>	<u>(18,294)</u>	<u>71,345,111</u>
Less accumulated depreciation:				
Land improvements	(9,027)	(2,317)	-	(11,344)
Buildings and building improvements	(3,595,775)	(535,634)	-	(4,131,409)
Machinery, vehicles and equipment	(5,052,851)	(429,190)	-	(5,482,041)
Infrastructure	(11,530,557)	(842,004)	-	(12,372,561)
Other improvements	(1,583,683)	(95,137)	-	(1,678,820)
Total accumulated depreciation	<u>(21,771,893)</u>	<u>(1,904,282)</u>	<u>-</u>	<u>(23,676,175)</u>
Net book value, capital assets being depreciated	<u>37,675,396</u>	<u>477,251</u>	<u>-</u>	<u>38,152,647</u>
Net book value, all capital assets	<u>\$ 45,158,553</u>	<u>\$ 2,528,677</u>	<u>\$ (18,294)</u>	<u>\$ 47,668,936</u>

This note continues on the following page.

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	Balance, beginning	Additions	Deletions	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 1,115,005	\$ -	\$ -	\$ 1,115,005
Construction in progress	1,428,504	4,945,015	(87,028)	6,286,491
Total capital assets not being depreciated	<u>2,543,509</u>	<u>4,945,015</u>	<u>(87,028)</u>	<u>7,401,496</u>
Being depreciated:				
Buildings and building improvements	5,697,274	38,965	-	5,736,239
Machinery, vehicles and equipment	17,502,166	175,068	(32,880)	17,644,354
Infrastructure	30,741,464	67,260	-	30,808,724
Total capital assets being depreciated	<u>53,940,904</u>	<u>281,293</u>	<u>(32,880)</u>	<u>54,189,317</u>
Total all capital assets	<u>56,484,413</u>	<u>5,226,308</u>	<u>(119,908)</u>	<u>61,590,813</u>
Less accumulated depreciation:				
Buildings and building improvements	(2,679,263)	(146,988)	-	(2,826,251)
Machinery, vehicles and equipment	(10,496,195)	(521,804)	959	(11,017,040)
Infrastructure	(10,975,352)	(749,507)	-	(11,724,859)
Total accumulated depreciation	<u>(24,150,810)</u>	<u>(1,418,299)</u>	<u>959</u>	<u>(25,568,150)</u>
Net book value, capital assets being depreciated	<u>29,790,094</u>	<u>(1,137,006)</u>	<u>(31,921)</u>	<u>28,621,167</u>
Net book value, all capital assets	<u>\$ 32,333,603</u>	<u>\$ 3,808,009</u>	<u>\$ (118,949)</u>	<u>\$ 36,022,663</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 409,249
Public safety	256,502
Highways and streets	1,069,076
Sanitation	20,946
Culture and recreation	147,639
Conservation	870
Total depreciation expense	<u>\$ 1,904,282</u>
Business-type activities:	
Sanitation	\$ 463,807
Water distribution and treatment	498,077
Electric distribution	399,234
Culture and recreation	57,181
Total depreciation expense	<u>\$ 1,418,299</u>

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III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2021 consists of \$8,490,108 due to the Governor Wentworth Regional School District for the balance of the 2021-2022 district assessment and \$693 in fees collected on behalf of the State of New Hampshire.

III.B.2. Long-Term Debt

General obligation bonds and notes are approved by the voters and repaid with general revenues (property taxes). These liabilities are backed by the full faith and credit of the Town.

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2021	Current Portion
Governmental activities:						
General obligation bonds/notes payable:						
Sewall/Friend Street water systems	\$ 396,514	2006	2026	4.0-4.3	\$ 82,343	\$ 16,468
General projects	\$ 1,292,315	2007	2027	4.0-5.0	420,000	70,000
Town hall renovations	\$ 485,920	2008	2028	4.0-5.25	168,550	25,710
ADA compliant restrooms	\$ 301,800	2008	2028	4.0-5.25	108,550	15,710
Land purchase	\$ 131,500	2008	2028	4.0-5.25	38,550	5,710
Sidewalks	\$ 97,530	2008	2028	4.0-5.25	38,550	5,710
Public safety building repair	\$ 121,000	2012	2023	2.1-5.1	16,000	10,000
255 Main Street parking lot	\$ 144,000	2012	2023	2.1-5.1	24,000	15,000
Downtown street upgrades	\$ 717,500	2012	2033	2.1-5.1	417,500	35,000
Glendon Street parking lot	\$ 256,600	2012	2033	2.1-5.1	145,600	15,000
Public works garage updates	\$ 277,000	2014	2034	3.1-5.1	175,000	15,000
Construct parks maintenance building	\$ 176,000	2014	2024	5.1	45,000	15,000
Middleton Road construction	\$ 417,000	2014	2034	3.1-5.1	260,000	20,000
Center Street reconstruction	\$ 700,000	2015	2033	2.1-4.1	460,000	40,000
Renovation of Brewster Hall	\$ 3,130,000	2015	2033	2.1-4.1	2,080,000	175,000
Libby Museum	\$ 194,000	2015	2025	2.1-4.1	74,000	20,000
Stonehenge Road reconstruction	\$ 77,000	2015	2025	2.1-4.1	17,000	5,000
Westwood Drive reconstruction	\$ 224,500	2019	2028	4.1	159,989	20,195
Library construction & renovation	\$ 3,710,000	2020	2040	2.14	3,170,000	170,000
Carry Beach reconstruction	\$ 450,000	2020	2025	0.57	320,000	80,000
Recreational dock repairs	\$ 697,400	2021	2031	5.1	697,400	72,400
					8,918,032	846,903

(continued)

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Unamortized bond premium	631,820	57,218
Compensated absences payable:		
Accrued vacation leave	589,116	1,652
Accrued landfill postclosure care costs	600,000	20,000
Net pension liability	7,476,052	-
Other postemployment benefits payable	4,497,106	-
	<u>\$ 22,712,126</u>	<u>\$ 925,773</u>

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2021	Current Portion
Business-type activities:						
General obligation bonds/notes payable:						
Water treatment facility	\$ 3,000,000	1996	2026	4.5	\$ 360,000	\$ 90,000
Water system improvements	\$ 550,000	1997	2025	4.5	68,000	17,000
Electric distribution upgrade	\$ 5,281,000	2003	2023	2.25-4.25	520,000	260,000
Water system improvements	\$ 1,183,080	2004	2033	4.25	426,000	36,000
Sewall/Friend Streets water system	\$ 1,650,011	2006	2026	4.0-4.30	342,656	68,531
Water projects	\$ 2,816,295	2007	2027	4.0-5.0	810,000	135,000
Sewer infiltration/inflow project	\$ 592,990	2007	2027	4.0-5.0	180,000	30,000
Water system improvements	\$ 640,735	2008	2028	4.0-5.25	213,550	30,710
Sewer infiltration/inflow project	\$ 797,605	2008	2028	4.0-5.25	283,700	40,740
Pop Whalen rink	\$ 321,755	2008	2028	4.0-5.25	108,550	15,710
Wastewater treatment facility upgrade	\$ 5,820,364	2009	2029	2.352	2,328,146	291,018
Pop Whalen fire protection project	\$ 206,800	2011	2022	3.0-5.0	20,000	20,000
Pleasant Valley Road MED upgrade	\$ 616,200	2011	2022	3.0-5.0	60,000	60,000
Wastewater treatment facility upgrade	\$ 592,063	2012	2031	1.104	296,031	29,603
Wastewater facility upgrades	\$ 170,400	2012	2033	2.1-5.1	90,400	10,000
Wastewater facility upgrades	\$ 246,500	2012	2033	2.1-5.1	126,500	15,000
Water meter project	\$ 436,764	2014	2024	1.94	99,092	31,739
Sewer collection system upgrades	\$ 370,000	2014	2034	3.1-5.1	230,000	20,000
Whiten Neck Road water line upgrades	\$ 489,750	2017	2037	2.66	390,000	25,000
Voltage Conversion Phase #5	\$ 3,675,000	2020	2040	2.15	3,145,000	170,000
Distribution Conversion Phase #6	\$ 1,517,425	2021	2031	5.1	1,517,425	152,425
					<u>11,615,050</u>	<u>1,548,476</u>
Unamortized bond premium					1,217,143	126,409
Compensated absences payable:						
Accrued vacation leave					66,498	13,028
Net pension liability					1,261,737	-
Other postemployment benefits payable					850,828	-
					<u>\$ 15,011,256</u>	<u>\$ 1,687,913</u>

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Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the governmental activities for the year ended December 31, 2021:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 8,999,291	\$ 521,178	\$ 5,583	\$ 492,023	\$ 80,000	\$ 10,706,636	\$ 4,255,307	\$ 25,060,018
Additions	697,400	152,600	-	97,093	520,000	-	241,799	1,708,892
Reductions	(778,659)	(41,958)	(5,583)	-	-	(3,230,584)	-	(4,056,784)
Balance, ending	<u>\$ 8,918,032</u>	<u>\$ 631,820</u>	<u>\$ -</u>	<u>\$ 589,116</u>	<u>\$ 600,000</u>	<u>\$ 7,476,052</u>	<u>\$ 4,497,106</u>	<u>\$ 22,712,126</u>

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2021:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Compensated Absences Payable	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 11,424,413	\$ 982,452	\$ 60,617	\$ 1,685,303	\$ 790,846	\$ 14,943,631
Additions	1,517,425	332,575	10,527	-	59,982	1,920,509
Reductions	(1,326,788)	(97,884)	(4,646)	(423,566)	-	(1,852,884)
Balance, ending	<u>\$ 11,615,050</u>	<u>\$ 1,217,143</u>	<u>\$ 66,498</u>	<u>\$ 1,261,737</u>	<u>\$ 850,828</u>	<u>\$ 15,011,256</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bonds and notes outstanding as of year-end are as follow:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 846,903	\$ 322,388	\$ 1,169,291
2023	835,331	285,538	1,120,869
2024	821,193	253,463	1,074,656
2025	795,251	220,533	1,015,784
2026	700,185	192,251	892,436
2027-2031	2,851,069	585,430	3,436,499
2032-2036	1,408,100	162,643	1,570,743
2037-2040	660,000	32,670	692,670
Totals	<u>\$ 8,918,032</u>	<u>\$ 2,054,916</u>	<u>\$ 10,972,948</u>

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Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 1,548,476	\$ 438,775	\$ 1,987,251
2023	1,472,336	355,166	1,827,502
2024	1,203,642	303,450	1,507,092
2025	1,167,153	257,646	1,424,799
2026	1,055,153	226,333	1,281,486
2027-2031	3,406,390	577,117	3,983,507
2032-2036	1,081,900	151,759	1,233,659
2037-2040	680,000	33,290	713,290
Totals	<u>\$ 11,615,050</u>	<u>\$ 2,343,536</u>	<u>\$ 13,958,586</u>

Bonds and notes authorized and unissued as of December 31, 2021 were as follow:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 13, 2018	Library renovations	\$ 1,145,000
March 13, 2018	Construction of Westwood Drive	\$ 38,500
March 13, 2018	Asset Management	\$ 30,000
March 9, 2021	Rapid Infiltration Basin Site Upgrade	\$ 3,500,000

Accrued Landfill Postclosure Care Costs

State and federal laws and regulations require that the Town continue to perform certain maintenance and monitoring functions at the landfill site for thirty years after the 1997 closure. An estimated liability has been recorded based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$600,000 as of December 31, 2021, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2021. However, the actual costs of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. Receivables and Payables

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

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The following reports the interfund receivables and payables at year-end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 205,511
General	Pop Whalen Ice Arena	37,975
Nonmajor governmental	General	1,859
Water department	Sewer department	70,118
		<u>\$ 315,463</u>

The amounts due to the General Fund from the Nonmajor and Pop Whalen Ice Arena Funds represent overdrafts of pooled cash. The amount due to the Nonmajor Funds from the General Fund represents reimbursement for expenditures. The amount due to the Nonmajor Funds from the General Fund and the amount owed to the Water Department Fund from the Sewer Department Fund represent collections deposited into the other fund.

III.C.2. Transfers

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income and certain voted amounts to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	<u>Transfers In:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Sewer Department Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:				
General fund	\$ -	\$ 570,717	\$ 76,706	\$ 647,423
Nonmajor governmental funds	9,365	-	-	9,365
	<u>\$ 9,365</u>	<u>\$ 570,717</u>	<u>\$ 76,706</u>	<u>\$ 656,788</u>

The amounts transferred to the Nonmajor Funds and Sewer Department Fund from the General Fund represent voted appropriations. The amount transferred to the General Fund from the Nonmajor Funds represents income earned on permanent funds for cemetery maintenance and culture and recreation.

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III.D. Restatement of Beginning Equity

The beginning equity was restated as follows:

	Governmental Activities	Nonmajor Funds	Electric Department Fund	Custodial Fund
To correct receivable	\$ (100,000)	\$ (100,000)	\$ -	\$ -
To record additional payable	-	-	(262,784)	-
To remove duplicate account	-	-	-	(6,834)
Net position/fund balance, as previously reported	33,584,881	1,853,320	10,667,896	1,849,755
Net position/fund balance, as restated	<u>\$ 33,484,881</u>	<u>\$ 1,753,320</u>	<u>\$ 10,405,112</u>	<u>\$ 1,842,921</u>

III.E. Fund Equity

The components of fund balance, as described in Note I.C.6., are classified for the following purposes:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 859,611
Prepaid items	499	-
Tax deeded property	69,904	-
Total nonspendable	<u>70,403</u>	<u>859,611</u>
Restricted:		
General government	-	395,725
Culture and recreation	662,330	-
Capital outlay	-	639,934
Total restricted	<u>662,330</u>	<u>1,035,659</u>
Committed:		
Public safety	-	3,389
Culture and recreation	-	17,217
Conservation	-	84,718
Capital outlay	2,483,818	-
Total committed	<u>2,483,818</u>	<u>105,324</u>
Assigned:		
General government	36,135	-
Public safety	88,254	-
Highways and streets	101,300	-
Sanitation	8,053	-
Culture and recreation	58,525	-
Conservation	1,200	-
Capital outlay	230,714	-
Total assigned	<u>524,181</u>	<u>-</u>
Unassigned	<u>3,810,423</u>	<u>(2,243)</u>
Total fund balance	<u>\$ 7,551,155</u>	<u>\$ 1,998,351</u>

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IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage is provided from January 1 through December 31. Primex provided statutory workers' compensation coverage, and various amounts of coverage for liability and property losses.

Contributions paid in 2021 to be recorded as an insurance expenditure/expense totaled \$197,545 for property/liability and \$124,146 for workers' compensation. There were no unpaid contributions for the year ended December 31, 2021. The member agreement permits Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, firefighters and other employees were 11.55%, 11.8% and 7%, respectively, of gross earnings. The rates of contribution from the Town for the first half of 2021 were 28.43% for police officers, 30.09% for firefighters, and 11.17% for other employees, increasing on July 1, 2021 to 33.88% for police, 32.99% for fire and 14.06% for other employees. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions for pension and

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medical subsidy from the Town during the years 2019, 2020 and 2021 were \$937,393, \$984,334, and \$1,025,861 respectively. The amounts were paid on a monthly basis as due.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2021, the Town reported a liability of \$8,737,789 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, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2021, the Town's proportion was 0.1971%, which was an increase of 0.0034% from its proportion measured as of June 30, 2020.

For 2021, the Town recognized pension expense of \$722,707, split between governmental activities (\$606,663) and business-type activities (\$116,044). At year-end, the Town 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
	<u> </u>	<u> </u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 201,200	\$ 209,791
Net differences between projected and actual earnings on pension plan investments	-	2,443,759
Changes in assumptions	912,613	-
Differences between expected and actual experience	244,671	91,478
Town contributions subsequent to the measurement date	589,782	-
	<u>\$ 1,948,266</u>	<u>\$ 2,745,028</u>

The Town reported \$589,782 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year Ending December 31,	
2022	\$ (253,930)
2023	(150,055)
2024	(219,848)
2025	(762,711)
	<u>\$ (1,386,544)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	18 years beginning July 1, 2020
Asset Valuation Method	5-year smoothed market for funding purposes; 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the 2010-2015 experience study

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 of July 1, 2010 – June 30, 2015.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$ 12,496,038	\$ 8,737,789	\$ 5,602,796

Other actuarial assumptions, as well as detailed information about the pension plan’s fiduciary net position, is available in the separately issued NHRS report.

IV.C. Contingent Liabilities

The Town 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 Town believes such disallowances, if any, will be immaterial.

There are various legal claims pending against the Town which arose in the normal course of the Town’s activities. In the opinion of management, the ultimate disposition of these various claims will not have a material effect on the financial position of the Town.

IV.D. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits, the Town provides implicit postretirement medical benefits to its retired employees and their spouses, as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The pre-65 benefits are the only benefits included in this valuation. Retirees under the age of 65 have a medical insurance plan with NH School Health Care Coalition. Both Group I and Group II retirees, as categorized by the New Hampshire Retirement System, qualify for this benefit. Group I employees, hired prior to 7/1/11, may retire at age 60, or once their age plus years of service equals 70. Group I employees hired after 7/1/11 may retire at age 65. Group II employees vested prior to 1/1/12 may retire at age 60, or at age 45 with 20 years of service.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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Group II employees not vested prior to 1/1/12, but hired prior to 7/1/11, may retire at age 60, or upon attainment of minimum age and service requirements as follow:

<u>Years of Creditable Service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>
At least 8 but less than 10 years	46	21
At least 6 but less than 8 years	47	22
At least 4 but less than 6 years	48	23
Less than 4 years	49	24

Group II employees hired on or after 7/1/11 may retire at age 60, or at age 52.5 with 25 years of service. Retirees contribute 100% of premiums for individual, two-person or family medical coverage. Surviving beneficiaries continue to receive access to the Town’s medical coverage after the death of the retired employee as long as they pay the required premium. As of June 30, 2020, the actuarial valuation date, there are only two participants of the postretirement plan that meets eligibility requirements. The plan does not issue a separate financial report.

Implicit Rate Subsidy

Same benefit options are available to retirees as active employees. Health insurance is purchased through NH School Health Care Coalition. The Town is a member of the under-100 employees’ pool and the rates are determined based on the experience of the entire under-100 employees’ pool. The claims experience for active employees and retirees are combined to determine the final premium rate. This single premium rate is called a blended premium because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims cost.

Medical Insurance Subsidy

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. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium 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 medical insurance subsidy plan is closed to new entrants.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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Total OPEB Liability

The Town's total OPEB liability of \$5,347,934 consists of \$4,666,422 for the implicit rate subsidy determined by an actuarial valuation as of December 31, 2021 and \$681,512 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2020 with roll-forward procedures used to determine the liability as of June 30, 2021. The roll-forward of the total OPEB liability from June 30, 2020 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

Methods and Assumptions

The collective total OPEB liability was based on the following actuarial assumptions:

Implicit Rate Subsidy		
Payroll Growth	2.00%	
Discount Rate	2.12%	
Investment Rate of Return	N/A	
Mortality	SOA RP-2014 Total Dataset Mortality with Scale MP-2020	
Healthcare Cost Trend Rates	2021	9.50%
	2022	9.00%
	2023	8.50%
	2024-2030	Decrease by .50% until reaching 5.00%
Medical Insurance Subsidy		
Payroll Growth	3.25%	
Discount Rate	6.75%	
Inflation	2.50%	
Municipal Bond Rate	2.45%	
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation	
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study	

This note continues on the following page.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
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DECEMBER 31, 2021**

Sensitivity of Total OPEB Liability

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability calculated using the current discount rates, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher:

Implicit Rate Subsidy:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Town's total OPEB liability	\$ 5,146,559	\$ 4,666,422	\$ 4,222,848

Medical Insurance Subsidy:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's total OPEB liability	\$ 740,858	\$ 681,512	\$ 629,878

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage point lower of 1-percentage point higher:

	1% Decrease (8.5%)	Current Healthcare Cost Trend Rate (9.5%)	1% Increase (10.5%)
Town's total OPEB liability	\$ 4,013,637	\$ 4,666,422	\$ 5,443,010

This note continues on the following page.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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DECEMBER 31, 2021**

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended December 31, 2021, the Town recognized OPEB expense of \$558,813. At year-end, the Town 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 and differences between employer contributions and proportionate share of contributions	\$ 116	\$ -
Changes in assumptions	1,165,441	-
Net differences between projected and actual earnings on OPEB plan investments	-	500,562
Differences between expected and actual experience	316,149	134,111
Town contributions subsequent to the measurement date	38,873	-
	<u>\$ 1,520,579</u>	<u>\$ 634,673</u>

The Town reported \$38,873 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year 2021. Other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follow:

Year Ending December 31,	
2022	\$ 149,099
2023	149,283
2024	149,067
2025	145,818
Thereafter	253,766
	<u>\$ 847,033</u>

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 13
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.1971%	0.1937%	0.1989%	0.1955%	0.2044%	0.1879%	0.1824%	0.1812%
Town's proportionate share of the net pension liability	\$8,737,789	\$12,391,939	\$9,568,609	\$9,412,528	\$10,050,420	\$9,992,155	\$7,226,287	\$6,802,385
Town's covered-employee payroll	\$5,836,912	\$5,717,796	\$5,385,830	\$5,321,978	\$5,022,891	\$4,745,564	\$4,320,142	\$4,067,663
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	149.70%	216.73%	177.66%	176.86%	200.09%	210.56%	167.27%	167.23%
Plan fiduciary position as a percentage of the total pension liability	72.22%	58.72%	65.59%	64.73%	62.66%	58.30%	65.47%	66.32%

The note to the required supplementary information is an integral part of this statement.

EXHIBIT 14
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,025,861	\$ 984,334	\$ 937,393	\$ 925,545	\$ 863,859	\$ 792,455	\$ 734,301	\$ 663,823
Contribution in relation to the contractually required contribution	<u>(1,025,861)</u>	<u>(984,334)</u>	<u>(937,393)</u>	<u>(925,545)</u>	<u>(863,859)</u>	<u>(792,455)</u>	<u>(734,301)</u>	<u>(663,823)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 5,836,912	\$ 5,717,796	\$ 5,385,830	\$ 5,321,978	\$ 5,022,891	\$ 4,745,564	\$ 4,320,142	\$ 4,067,663
Contributions as a percentage of covered-employee payroll	17.58%	17.22%	17.40%	17.39%	17.20%	16.70%	17.00%	16.32%

EXHIBIT 15
TOWN OF WOLFEBORO
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	\$ 292,476	\$ 286,421	\$ 211,970	\$ 183,565
Interest	143,084	138,698	179,037	170,694
OPEB plan net investment income	(18,217)	(663)	(3,585)	(5,576)
OPEB plan administrative and other costs	286	217	515	135
Changes of assumptions and differences between expected and actual experience	(16,871)	458,447	(12,953)	492,673
Benefit payments	(98,977)	(108,646)	(88,070)	(104,909)
Net change in total OPEB liability	301,781	774,474	286,914	736,582
Total OPEB liability, beginning	5,046,153	4,271,679	3,984,765	3,248,183
Total OPEB liability, ending	<u>\$ 5,347,934</u>	<u>\$ 5,046,153</u>	<u>\$ 4,271,679</u>	<u>\$ 3,984,765</u>
Covered-employee payroll	\$ 5,836,912	\$ 5,717,796	\$ 5,385,830	\$ 4,585,136
Total OPEB liability as a percentage of covered-employee payroll	91.62%	88.25%	79.31%	86.91%
Town's proportion of the NHRS net OPEB liability for medical subsidy	0.1702%	0.1669%	0.1810%	0.1782%

EXHIBIT 16
TOWN OF WOLFEBORO
Schedule of the Town's OPEB Contributions

	2021	2020	2019	2018
Actuarially determined contribution	\$ 568,881	\$ 543,196	\$ 486,593	\$ 419,306
Contributions in relation to the actuarially determined contribution	(112,939)	(108,025)	(100,397)	(92,285)
Contribution deficiency	<u>\$ 455,942</u>	<u>\$ 435,171</u>	<u>\$ 386,196</u>	<u>\$ 327,021</u>
Covered-employee payroll	\$ 5,836,912	\$ 5,717,796	\$ 5,385,830	\$ 4,585,136
Contributions as a percentage of covered-employee payroll	9.75%	9.50%	9.03%	9.14%

The note to the required supplementary information is an integral part of this statement.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

The pension and other postemployment benefits schedules are meant to present related information for ten years. Because this is the seventh year that the Town has reported the pension schedules, and fourth year that the Town has presented the OPEB schedules under current standards, only eight and four years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR GOVERNMENTAL AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 17
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue Funds					Capital Projects Fund	Permanent Fund	Total
	Recreation Revolving	Police Detail	Conservation Commission	CDBG	Miscellaneous Grants			
ASSETS								
Cash and cash equivalents	\$ 17,217	\$ -	\$ 84,718	\$ -	\$ 2,757	\$ -	\$ 12,456	\$ 117,148
Investments	-	-	-	-	-	-	1,237,880	1,237,880
Receivables:								
Accounts	-	1,530	-	-	-	-	-	1,530
Intergovernmental	-	-	-	106,119	-	935,514	-	1,041,633
Interfund receivable	-	1,859	-	-	-	-	-	1,859
Total assets	<u>\$ 17,217</u>	<u>\$ 3,389</u>	<u>\$ 84,718</u>	<u>\$ 106,119</u>	<u>\$ 2,757</u>	<u>\$ 935,514</u>	<u>\$ 1,250,336</u>	<u>\$ 2,400,050</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 106,119	\$ -	\$ -	\$ -	\$ 106,119
Contracts payable	-	-	-	-	-	79,794	-	79,794
Retainage payable	-	-	-	-	-	10,275	-	10,275
Interfund payable	-	-	-	-	-	205,511	-	205,511
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,119</u>	<u>-</u>	<u>295,580</u>	<u>-</u>	<u>401,699</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	859,611	859,611
Restricted	-	-	-	-	5,000	639,934	390,725	1,035,659
Committed	17,217	3,389	84,718	-	-	-	-	105,324
Unassigned	-	-	-	-	(2,243)	-	-	(2,243)
Total fund balances	<u>17,217</u>	<u>3,389</u>	<u>84,718</u>	<u>-</u>	<u>2,757</u>	<u>639,934</u>	<u>1,250,336</u>	<u>1,998,351</u>
Total liabilities and fund balances	<u>\$ 17,217</u>	<u>\$ 3,389</u>	<u>\$ 84,718</u>	<u>\$ 106,119</u>	<u>\$ 2,757</u>	<u>\$ 935,514</u>	<u>\$ 1,250,336</u>	<u>\$ 2,400,050</u>

EXHIBIT 18
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	Special Revenue Funds				Miscellaneous Grants	Capital Projects Fund	Permanent Fund	Total
	Recreation Revolving	Police Detail	Conservation Commission	CDBG				
REVENUES								
Taxes	\$ -	\$ -	\$ 41,255	\$ -	\$ -	\$ -	\$ -	\$ 41,255
Intergovernmental	-	-	20,648	877,444	-	13,709	-	911,801
Charges for services	66,301	21,362	-	-	-	-	5,000	92,663
Miscellaneous	261,699	-	247	-	-	-	88,283	350,229
Total revenues	<u>328,000</u>	<u>21,362</u>	<u>62,150</u>	<u>877,444</u>	<u>-</u>	<u>13,709</u>	<u>93,283</u>	<u>1,395,948</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	1,974	1,974
Public safety	-	19,937	-	-	-	-	-	19,937
Highways and streets	-	-	-	-	-	-	10,000	10,000
Culture and recreation	293,552	-	-	-	-	-	782	294,334
Conservation	-	-	96,021	-	872	-	-	96,893
Capital outlay	-	-	-	877,343	-	767,777	-	1,645,120
Total expenditures	<u>293,552</u>	<u>19,937</u>	<u>96,021</u>	<u>877,343</u>	<u>872</u>	<u>767,777</u>	<u>12,756</u>	<u>2,068,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,448</u>	<u>1,425</u>	<u>(33,871)</u>	<u>101</u>	<u>(872)</u>	<u>(754,068)</u>	<u>80,527</u>	<u>(672,310)</u>
Other financing uses:								
Transfers in	-	-	-	-	-	76,706	-	76,706
Transfers out	-	-	-	-	-	-	(9,365)	(9,365)
Long-term debt issued	-	-	-	-	-	697,400	-	697,400
Premium received on long-term debt	-	-	-	-	-	152,600	-	152,600
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>926,706</u>	<u>(9,365)</u>	<u>917,341</u>
Net change in fund balances	34,448	1,425	(33,871)	101	(872)	172,638	71,162	245,031
Fund balances, beginning, as restated, see Note III.D.	(17,231)	1,964	118,589	(101)	3,629	467,296	1,179,174	1,753,320
Fund balances, ending	<u>\$ 17,217</u>	<u>\$ 3,389</u>	<u>\$ 84,718</u>	<u>\$ -</u>	<u>\$ 2,757</u>	<u>\$ 639,934</u>	<u>\$ 1,250,336</u>	<u>\$ 1,998,351</u>

EXHIBIT 19
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 12,276,310	\$ 12,235,313	\$ (40,997)
Timber	16,000	23,994	7,994
Payments in lieu of taxes	28,612	31,991	3,379
Interest and penalties on delinquent taxes	42,184	52,987	10,803
Total taxes	<u>12,363,106</u>	<u>12,344,285</u>	<u>(18,821)</u>
Licenses, permits and fees:			
Business licenses and permits	25,000	25,194	194
Motor vehicle permits	1,600,000	1,768,440	168,440
Building permits	91,000	119,634	28,634
Other	165,679	163,791	(1,888)
Total licenses, permits and fees	<u>1,881,679</u>	<u>2,077,059</u>	<u>195,380</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	465,631	465,631	-
Highway block grant	175,481	175,437	(44)
Water pollution grant	131,525	6,176	(125,349)
State and federal forest land	46	-	(46)
Railroad tax	121	121	-
Milfoil	4,500	4,478	(22)
Public safety	50,000	65,195	
Federal sources:			
FEMA	-	9,957	9,957
Lake Wentworth & Crescent Lake	-	79,849	79,849
GOFERR	62,000	8,994	(53,006)
Police grants	33,750	16,339	(17,411)
Other government sources:			
Milfoil joint board	17,000	17,316	316
Total intergovernmental	<u>940,054</u>	<u>849,493</u>	<u>(105,756)</u>
Charges for services:			
Income from departments	288,910	486,674	197,764
Other	65,308	65,308	-
Total charges for services	<u>354,218</u>	<u>551,982</u>	<u>197,764</u>
Miscellaneous:			
Special assessments	37,504	37,504	-
Sale of property	7,000	28,861	21,861
Interest on investments	75,000	32,968	(42,032)
Rent of property	223,901	203,568	(20,333)
Fines and forfeits	18,683	18,683	-
Insurance dividends and reimbursements	168,760	363,204	194,444
Contributions and donations	76,475	198,678	122,203
Other	739,177	705,798	(33,379)
Total miscellaneous	<u>1,346,500</u>	<u>1,589,264</u>	<u>242,764</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	900,000	920,418	20,418
Nonmajor funds	2,132	7,886	5,754
Total other financing sources	<u>902,132</u>	<u>928,304</u>	<u>26,172</u>
Total revenues and other financing sources	17,787,689	<u>\$ 18,340,387</u>	<u>\$ 552,698</u>
Use of fund balance	1,130,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 18,917,689</u>		

EXHIBIT 20
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 655,240	\$ 590,042	\$ 6,150	\$ 59,048
Election and registration	-	220,191	187,400	-	32,791
Financial administration	-	764,845	742,029	-	22,816
Revaluation of property	56,700	-	34,700	-	22,000
Personnel administration	-	1,913,886	1,860,788	-	53,098
Planning and zoning	6,000	141,650	159,327	-	(11,677)
General government buildings	9,249	119,391	127,179	10,292	(8,831)
Cemeteries	-	29,232	11,238	-	17,994
Other	13,531	238,110	250,110	19,693	(18,162)
Total general government	<u>85,480</u>	<u>4,082,545</u>	<u>3,962,813</u>	<u>36,135</u>	<u>169,077</u>
Public safety:					
Police	4,955	1,872,765	1,861,650	14,204	1,866
Ambulance	-	259,100	260,112	-	(1,012)
Fire	-	1,712,927	1,648,799	55,076	9,052
Building inspection	-	124,869	115,202	-	9,667
Emergency management	-	1,801	6,143	-	(4,342)
Other	105,975	539,568	591,849	18,974	34,720
Total public safety	<u>110,930</u>	<u>4,511,030</u>	<u>4,483,755</u>	<u>88,254</u>	<u>49,951</u>
Highways and streets:					
Administration	-	160,519	184,715	-	(24,196)
Highways and streets	125,959	2,053,740	1,988,748	94,821	96,130
Other	46,297	482,941	399,345	6,480	123,413
Total highways and streets	<u>172,256</u>	<u>2,697,200</u>	<u>2,572,808</u>	<u>101,301</u>	<u>195,347</u>
Sanitation:					
Solid waste disposal	28,100	882,302	894,101	8,053	8,248
Health:					
Administration	-	7,386	8,494	-	(1,108)
Pest control	-	25,741	17,112	-	8,629
Health agencies and hospitals	-	97,314	96,814	-	500
Total health	<u>-</u>	<u>130,441</u>	<u>122,420</u>	<u>-</u>	<u>8,021</u>
Welfare:					
Administration & direct assistance	-	63,200	64,831	-	(1,631)
Culture and recreation:					
Parks and recreation	36,598	918,941	847,740	39,615	68,184
Public library	-	497,814	487,706	-	10,108
Patriotic purposes	-	19,830	14,330	-	5,500
Other	-	60,235	50,102	18,910	(8,777)
Total culture and recreation	<u>36,598</u>	<u>1,496,820</u>	<u>1,399,878</u>	<u>58,525</u>	<u>75,015</u>
Conservation:					
Administration	-	22,445	23,062	1,200	(1,817)
Other	25,984	-	130,275	-	(104,291)
Total conservation	<u>25,984</u>	<u>22,445</u>	<u>153,337</u>	<u>1,200</u>	<u>(106,108)</u>
Economic development	-	16,174	12,428	-	3,746

(continued)

EXHIBIT 20 (continued)
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	778,658	778,655	-	3
Interest	-	321,148	321,155	-	(7)
Total debt service	-	1,099,806	1,099,810	-	(4)
Capital outlay:					
Machinery, vehicles and equipment	-	1,661,377	1,556,903	126,071	(21,597)
Buildings	25,000	-	24,695	132,644	(132,339)
Improvements other than buildings	1,500	800,632	648,623	342,063	(188,554)
Total capital outlay	26,500	2,462,009	2,230,221	600,778	(342,490)
Other financing uses:					
Transfers out:					
Expendable trust fund	-	883,000	883,000	-	-
Sewer department fund	-	570,717	570,717	-	-
Total other financing uses	-	1,453,717	1,453,717	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 485,848	\$ 18,917,689	\$ 18,450,119	\$ 894,246	\$ 59,172

EXHIBIT 21
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

Unassigned fund balance, beginning		\$ 4,717,611
Changes:		
Unassigned fund balance appropriated		(1,130,000)
Budget summary:		
Revenue surplus (Exhibit 19)	\$ 552,698	
Unexpended balance of appropriations (Exhibit 20)	<u>59,172</u>	
Budget surplus		611,870
Decrease in nonspendable fund balance		38,362
Increase in restricted fund balance		<u>(2,687)</u>
Unassigned fund balance, ending		<u><u>\$ 4,235,156</u></u>

SINGLE AUDIT INFORMATION

REVISED APRIL 28, 2023

EXHIBIT 22
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	Assistance Listing Number	Pass Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the State of New Hampshire Community Development Finance Authority			
Community Development Block Grants GALA Makers Mill	14.228	19-029-CDPF	\$ 877,444
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the State of New Hampshire Department of Safety			
National Priority Safety Programs	20.616	21-201	16,339
U.S. DEPARTMENT OF TREASURY			
Passed through the State of New Hampshire Governor's Office for Emergency Relief and Recovery			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	8,994
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the State of New Hampshire Department of Environmental Services			
Capitalization Grants for Clean Water State Revolving Funds:			
Loan	66.458	CS-330098-07	2,161,348
Grant	66.458	CS-330098-07	381,414
			<u>2,542,762</u>
Nonpoint Source Implementation Grants Lake Wentworth and Crescent Lake	66.460	RI-19-M-06	79,849
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the State of New Hampshire Department of Safety			
Disaster Grants - Public Assistance	97.036	4156-DR-NH	9,957
GRAND TOTAL			<u>\$ 3,535,345</u>

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Wolfeboro under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position or changes in net position of the Town of Wolfeboro.

2. Summary of Significant Accounting Policies

Expenditures included 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. Pass-through entity identifying numbers are presented where available.

3. 10% De Minimis Cost Rate

The Town did not use the 10% de minimis cost rate.

4. Loans Outstanding

The Town of Wolfeboro incurred expenditures from federal loan funds of \$2,161,348 that are included in the Federal expenditures presented in Exhibit 23. The proceeds from the loan were received on April 4, 2022. There were no outstanding loan balances as of December 31, 2021.



Roberts & Greene, PLLC

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 Town Manager and Members of the Board of Selectmen
Town of Wolfeboro
Wolfeboro, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Wolfeboro's basic financial statements, and have issued our report thereon dated April 28, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wolfeboro'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. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wolfeboro'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 determination of financial statement amounts. 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*.

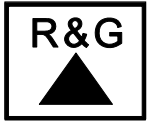
Purpose of this Report

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.

April 28, 2023

Roberts & Greene, PLLC

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Roberts & Greene, PLLC

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

To the Town Manager and Members of the Board of Selectmen
Town of Wolfeboro
Wolfeboro, New Hampshire

Report on Compliance for the Major Federal Programs

We have audited the Town of Wolfeboro's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town of Wolfeboro's major federal programs for the year ended December 31, 2021. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town of Wolfeboro's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Town of Wolfeboro's compliance.

Unmodified Opinion on the Major Federal Programs

In our opinion, the Town of Wolfeboro, 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 programs for the year ended December 31, 2021.

Report on Internal Control over Compliance

Management of the Town of Wolfeboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAMS
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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* 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

April 28, 2023

Roberts & Heine, PLLC

**EXHIBIT 23
TOWN OF WOLFEBORO, NEW HAMPSHIRE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

1. The auditor’s report issued contained an unmodified opinion on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.
2. There were no material weaknesses identified in the internal control over financial reporting.
3. There were no significant deficiencies identified in the internal control over financial reporting that were not considered to be material weaknesses.
4. There were no instances of noncompliance material to the financial statements noted.

Federal Awards

1. There were no material weaknesses identified in the internal control over the major program.
2. There were no significant deficiencies identified in the internal control over the major program that were not considered to be material weaknesses.
3. The auditor’s report issued on compliance for the major program contained an unmodified opinion.
4. There are no audit findings required to be reported in accordance with the Uniform Guidance.
5. The programs tested as major programs were CFDA No. 14.228: Community Development Block Grants and CFDA No. 66.458: Capitalization Grants for Clean Water State Revolving Funds.
6. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
7. The Town of Wolfeboro did not qualify as a low-risk auditee.

Section II – Financial Statement Findings

No Findings

Section III – Federal Award Findings and Questioned Costs

No Findings